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# ***Subcuject ApS***

Nordre Strandvej 119, DK-3150 Hellebæk

## **Annual Report for 2 January - 31 December 2017**

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CVR No 38 34 92 79

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
29/5 2018

Lars Guldbæk Karlsen  
Chairman



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Subcject ApS for the financial year 2 January - 31 December 2017.

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 at 31 December 2017 of the Company and of the results of the Company operations for 2017.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hellebæk, 29 May 2018

## Executive Board

Troels Keldmann  
CEO

## Board of Directors

Lars Guldbæk Karlsen  
Chairman

Paul Edward Jansen

Claus Demant

Jesper Roested

# Independent Auditor's Report

To the Shareholders of Subcuject ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 2 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Subcuject ApS for the financial year 2 January - 31 December 2017, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

# Independent Auditor's Report

## 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 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.
- 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.

Aarhus, 29 May 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Peter Ulrik Faurschou  
statsautoriseret revisor  
mne34502

## **Company Information**

### **The Company**

Subcuject ApS  
Nordre Strandvej 119  
DK-3150 Hellebæk

CVR No: 38 34 92 79  
Financial period: 2 January - 31 December  
Municipality of reg. office: Helsingør

### **Board of Directors**

Lars Guldbæk Karlsen, Chairman  
Paul Edward Jansen  
Claus Demant  
Jesper Roested

### **Executive Board**

Troels Keldmann

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Nobelparken  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus C

## **Management's Review**

Financial Statements of Subcuject ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

### **Key activities**

The company's main activity is development and commercialization of an innovative, proprietary, osmosis-based wearable device platform for subcutaneous bolus injection.

### **Development in the year**

The income statement of the Company for 2017 shows a loss of DKK 3,429,353, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 3,749,218.

During 2017 Subcuject has met expectation on achieving significant progress in its development of the innovative device platform. Technology development has at year-end delivered proof of device concept in functional models. The company accomplished, within budget, the technical, organizational and commercial milestones of 2017, defined in the investment agreement with Vaekstfonden and CAPNOVA. The second investment tranche was therefore successfully completed at year-end, enabling the company, in 2018, to continue its planned technology development and exploration of collaboration and commercialization opportunities.

### **Expectations for the next year**

Expectation for 2018 is for technical and commercial development activities to continue and increase towards year-end. As documentation for the technology's performance is being established and expanded, then several parties are presently evaluating the device platform. In addition, to the already secured funding, the company will pursue opportunities for obtaining non-diluting national- and EU-based technology development grants.



## Income Statement 2 January - 31 December

	<u>Note</u>	<u>2017</u> DKK
<b>Gross profit/loss</b>		<b>-2,701,989</b>
Staff expenses	1	<u>-1,368,401</u>
<b>Profit/loss before financial income and expenses</b>		<b>-4,070,390</b>
Financial income	2	3,421
Financial expenses	3	<u>-103,130</u>
<b>Profit/loss before tax</b>		<b>-4,170,099</b>
Tax on profit/loss for the year		<u>740,746</u>
<b>Net profit/loss for the year</b>		<b><u>-3,429,353</u></b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		<u>-3,429,353</u>
		<b><u>-3,429,353</u></b>

# Balance Sheet 31 December

	<u>Note</u>	<u>2017</u> DKK
<b>Assets</b>		
Trade receivables		477,542
Other receivables		330,720
Corporation tax		740,746
<b>Receivables</b>		<u><b>1,549,008</b></u>
<b>Cash at bank and in hand</b>		<u><b>3,511,957</b></u>
<b>Currents assets</b>		<u><b>5,060,965</b></u>
<b>Assets</b>		<u><b>5,060,965</b></u>
<b>Liabilities and equity</b>		
Share capital		126,249
Share premium account		7,052,322
Retained earnings		-3,429,353
<b>Equity</b>	4	<u><b>3,749,218</b></u>
Credit institutions		3,131
Convertible and profit-yielding instruments of debt		1,026,369
<b>Long-term debt</b>	5	<u><b>1,029,500</b></u>
Trade payables		95,233
Other payables		187,014
<b>Short-term debt</b>		<u><b>282,247</b></u>
<b>Debt</b>		<u><b>1,311,747</b></u>
<b>Liabilities and equity</b>		<u><b>5,060,965</b></u>
Contingent assets, liabilities and other financial obligations	6	
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# Notes to the Financial Statements

	2017			
	DKK			
<b>1 Staff expenses</b>				
Wages and salaries				1,292,986
Pensions				60,000
Other social security expenses				5,109
Other staff expenses				10,306
				<u>1,368,401</u>
<b>Average number of employees</b>				<u>1</u>
<b>2 Financial income</b>				
Exchange adjustments				3,421
				<u>3,421</u>
<b>3 Financial expenses</b>				
Other financial expenses				72,533
Exchange adjustments, expenses				30,597
				<u>103,130</u>
<b>4 Equity</b>				
	<u>Share capital</u>	<u>Share premium</u>	<u>Retained</u>	<u>Total</u>
	DKK	DKK	DKK	DKK
Equity at 2 January	0	0	0	0
Net effect from demerger and business sale under the uniting of interests method	50,000	77,130	0	127,130
Adjusted equity at 2 January	50,000	77,130	0	127,130
Cash capital increase	76,249	6,975,192	0	7,051,441
Net profit/loss for the year	0	0	-3,429,353	-3,429,353
<b>Equity at 31 December</b>	<u>126,249</u>	<u>7,052,322</u>	<u>-3,429,353</u>	<u>3,749,218</u>

# Notes to the Financial Statements

## 5 Long-term debt

Repayment of loan from the "Styrelsen for Forskning og Innovation" authorized by Capnova A/S of DKK 914,663 and loan from Capnova A/S of DKK 111,706 will be due to full and final redemption on 31 December 2020.

## 6 Contingent assets, liabilities and other financial obligations

The company has a tenancy commitment with a notice period as of 3 months which entails a commitment of TDKK 20.

# Notes to the Financial Statements

## 7 Accounting Policies

The Annual Report of Subcject ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2017 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

# Notes to the Financial Statements

## 7 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue is measured at the consideration received and is recognised exclusive of VAT.

#### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Other external expenses also include research and development costs that do not qualify for capitalisation.

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

#### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

# Notes to the Financial Statements

## 7 Accounting Policies (continued)

### Balance Sheet

#### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

#### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

#### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.