

**ANNUAL
REPORT
2018**

**FluoGuide ApS
Ole Maaløes Vej 3
DK-2200 Copenhagen N**

CVR no. 39 29 64 38

Approved on Annual General Meeting 8 March 2019

Chairman: Anders Rubinstein

Company information	3
Management's review	4 - 6
Management's Statement on the Annual Report	7
Independent auditor's report	8 - 10
Income statement and statement of comprehensive income	11
Balance sheet	12 - 13
Statement of changes in equity	14
Cash flow statement	15
Notes	16 - 23

The Company

FluoGuide ApS
Ole Maaløes Vej 3
DK-2200 Copenhagen N
CVR no.: 39 29 64 38

Board of Directors

Arne Ferstad (Chairman)
Lisa Micaela Sjökvist
Shomit Adhip Ghose
Peter Mørch Eriksen
Andreas Kjær

Executive Management

Morten Albrechtsen, CEO

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR-no. DK 33 77 12 31

Main activity of FluoGuide

As a leading cause of death, **cancer affects everyone**. Each year more than 14 million people are diagnosed with cancer and each year over 8 million people die due to the disease. Surgery is a cornerstone in treatment of cancer. The surgeons want to completely remove the cancer and cure the patients with early and localized cancer. The problem is that normal tissue is not clearly separated from cancer tissue. The surgeons therefore remove some centimeters of normal tissue around the cancer to increase the chances of removing all cancer tissue. Even after removal of normal surrounding tissue not all cancer are removed in approx. 50 % of all cases, dependent on cancer indication. This is a major issue and reoccurrence of cancer leads to suffering, possible death and increased costs for the health care system.

Now, imagine that the surgeon could simply **inject a compound and turn on a special light making the tumor clearly visible and fluorescent**, which would allow the surgeon to remove the entire cancer. This might sound unreal, but the fact is that this is a scientific field that has been researched for over 15 years and now becoming reality. FluoGuide is in the forefront of this field and have developed a compound that, when given to patients, makes cancer tumors light up – to fluoresce. FluoGuide is advancing its first product - FGO01 – toward clinical practice helping surgeons helping patients with cancer. FGO01 consists of a targeting molecule and a fluorophore. Both have been proven well tolerated in humans and the risk of unknown toxicity from FGO01 are therefore less likely. FGO01 binds to uPAR, which is a receptor that is extensively expressed in solid cancers. This means that when the surgeon switches to fluorescent light during surgery, the tumor lights up. **This helps the surgeon remove all the tumor including local metastasis that are very hard to identify**. Moreover, it also helps the surgeon to reduce the amount of normal tissue removed, and thus minimizing the potential side effects of surgery. What's also important to mention is that this method **reduces the costs for the health care system**, as reoccurring cancer means higher costs in terms of more expensive therapies, longer treatments, reoperations and more diagnostic tests applied.

FGO01 fits the current workflow at hospitals. A few milliliters of FGO01 is simply injected into a vein prior to surgery. The fluorescing molecule will quickly be removed from the body and only the molecules bound to the cancer remain to help to guide the surgeon. This means that the surgeon after only 30 minutes can switch between ordinary white light and see what they normally see and switch to the special “night vision” that makes the cells fluoresce. Modern image equipment can show both images merged into one. In this way, the surgeon can follow the usual procedures and at the same time see cancer cells and can continue removing more tissue until nothing more lights up. Most hospitals have surgical equipment with the possibility to alter between white and fluorescent light.

FluoGuide's products have **a potential beyond cancer surgery**. Today, robotic assisted surgery is rapidly expanding and it will likely move towards more automatization which will

be accelerated by guidance. In many ways, FluoGuide believes that its technology can accelerate further automatization of robotic surgery in the future.

When FGO01 was tested in preclinical models, it could be used for **effective removal of tumors**. FGO01 has been tested on human cancer operated by a human surgeon using the market leading Da Vinci robot, which means that FGO01 is already tested using the same study design that is needed in the clinical Phase IIb/III study that authorities will expect to see before allowing FGO01 being used routinely in patients with cancer. The route to approval is well defined and associated with low risk compared to drug development in general. Toxicity studies will be initiated in Q2 2019. Afterwards FluoGuide's ambition is to submit a clinical trial application to initiate a proof-of-concept **Phase I/IIa study later this year**. The first results are planned to be available during H1 2020 and the results from the study is expected in Q3 2020. This study is a Phase I/IIa study with the objective to test optimal dose, safety and confirm clinical proof-of-concept in patients. The Phase IIb/III study is much simpler, shorter and cheaper than a typical trial for a regular drug candidate.

Development of the FluoGuide in the fiscal year

FluoGuide is a life science company developing products for commercialization through selling rights to partners or selling the products directly to hospitals. 2018 was the first fiscal year for FluoGuide and the result for the year is in accordance with expectations.

Expected development

FluoGuide is working with Sedermera to conduct an IPO on Spotlight Stock Market in 2019 which will provide funding for bringing FluoGuide's first product to a stage where partnering and early sales is possible.

Subsequent events

During February 2019 FluoGuide obtained a bridge loan of approx. DKK 4.5 million from lenders who at the same time undertook to subscribe for shares in FluoGuide in the contemplated IPO on Spotlight Stock Market. The lenders are obliged to convert their loan to equity in the contemplated IPO. The bridge loan shall be used to fund FluoGuide's initial development of FGO01 (production and toxicity studies) and to pay the costs associated with the IPO process, including to advisors. FluoGuide will cease to be a going concern when FluoGuide starts to use the loan amount and until the loan is converted in the contemplated IPO.

Losses in the future years are expected and the board of directors is working to obtain additional funding from e.g. commercial partners.

FINANCIAL HIGHLIGHTS AND RATIOS**Key figures**

2018

Amounts in DKK

Income Statement

Operating Loss	-51,972
Total financial items	-1,200
Loss for the period	-53,172

Balance sheet

Total assets	75,263
Equity	6,828

Cash flows

Cash flows from:

Operating activities	-1,200
Investing activities	0
Financing activities	60,000
The period's cash flow	58,800

Dividend

0

Ratios

Solvency ratio

9.1 %

For definitions of ratios, see under accounting policies.

Management Statement on the Annual Report

The Board of Directors and the Executive Management have today considered and adopted the Annual Report of FluoGuide ApS for the financial year 30 January – 31 December 2018.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Management's Review 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 financial position at 31 December 2018 of the Company and of the results of the Company operations and cash flows for the financial year 30 January - 31 December 2018.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

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

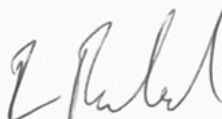
Copenhagen, 7 March 2019

Executive Management



Morten Albrechtsen
CEO

Board of Directors



Arne Ferstad
Chairman



Andreas Kjær



Shomit Ghose



Lisa Micaela Sjøkvist



Peter Mørch Eriksen

To the shareholders of FluoGuide ApS**Opinion**

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations and cash flows for the financial year 30 January to 31 December 2018 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of FluoGuide ApS for the financial year 30 January - 31 December 2018, which comprise income statement, statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("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 Statement Act. We did not identify any material misstatement in Management's Review.

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 International Financial Reporting Standards as adopted by the EU and further requirements in 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 judgment and maintain professional skepticism 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.
- 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.

Hellerup, 7 March 2019

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31



Torben Jensen

State Authorised Public Accountant

Mne18651



Claus Carlsson

State Authorised Public Accountant

Mne29461

Income statement and statement of comprehensive income

Note	30 January - 31 De- cember 2018 DKK	
3	Other external expenses	-51,972
	Operating loss before net financials	-51,972
4	Financial expenses	-1,200
	Loss before tax	-53,172
5	Tax on loss for the year	0
	Net loss for the year	-53,172
	Other comprehensive income for the year, net of tax	0
	Total comprehensive income	-53,172

ASSETS			
Note		31 Decem- ber 2018 DKK	30 January 2018 DKK
	Total non-current assets	0	0
	Prepayments	16,463	0
	Cash	58,800	1,055
	Total current assets	75,263	1,055
	Total assets	75,263	1,055

EQUITY AND LIABILITIES

Note	31 Decem- ber 2018 DKK	30 January 2018 DKK
Share capital	50,000	1,055
Retained earnings	-43,172	0
6 Total equity	6,828	1,055
Trade payables	13,435	0
Other payables	55,000	0
Current liabilities	68,435	0
Total liabilities	68,435	0
Total equity and liabilities	75,263	1,055

Statement of changes in equity

Amounts in DKK	Share capital	Share premium	Re- tained earnings	Total equity
Equity as at 30 January 2018	1,055			1,055
Total comprehensive income	0	0	-53,172	-53,172
Contribution			63,945	63,945
Capital increase - conversion	48,945		-48,945	0
Expenses in connection with capital increase			-5,000	-5,000
Equity as at 31 December 2018	50,000	0	-43,172	6,828

Cash flow statement

Note	30 January - 31 Decem- ber 2018 DKK
	-53,172
	1,200
7	51,972
	0
	-1,200
	-1,200
	0
	1,055
	63,945
	-5,000
	60,000
	58,800
	-
	58,800

1. Accounting policies
2. Capital resources and liquidity
3. Staff expenses
4. Financial expenses
5. Tax
6. Equity
7. Change in working capital
8. Financial risks and financial instruments
9. Related parties
10. Events occurring after the balance sheet date

1. Accounting policies

FluoGuide ApS is a limited liability company domiciled in Denmark. The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Danish kroner (DKK) is the Company's presentation currency and functional currency. The financial statements are presented in Danish kroner (DKK).

First financial statements

The financial statements of FluoGuide ApS for 2018 are the Company's first financial statements and are prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act for annual reports of class B companies.

Due to the fact that financial statements have not previously been prepared, this is the first IFRS financial statements, and not a transition from previous GAAP to IFRS. Hence, the financial statements do not include reconciliations from previous GAAP to IFRS.

The IFRS opening balance sheet as at 30 January 2018 have been prepared in accordance with IFRS, including the provisions of IFRS 1 "First-time adoption of IFRS". The accounting policies are based on the accounting standards and interpretations in effect as at 31 December 2018. The IFRS opening balance sheet as at 30 January 2018 has been prepared as if IFRS had always been applied.

New standards not yet effective

There are no IFRSs or IFRIC interpretations that not yet effective that is expected to have a material impact on the Company.

Foreign currency translation

On initial recognition, transactions in currencies other than the functional currency of the Company are recognized at the exchange rate applicable at the transaction date. Receivables, payables and other monetary items denominated in foreign currency not settled at the balance sheet date are translated using the exchange rate applicable at the balance sheet date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment and the balance sheet date, respectively, are recognized in the income statement as net financials.

Tax

Tax for the year, consisting of current tax and changes in deferred tax, is recognized in the income statement with the portion attributable to tax on the profit or loss for the year, and

directly in equity or in other comprehensive income with the portion attributable to amounts recognized directly in equity or in other comprehensive income, respectively.

Current tax payables and receivables are recognized in the balance sheet as tax computed on the basis of the taxable income for the year results in taxes to be paid or refunded.

Current tax for the year is computed based on the tax rules and tax rates applicable at the balance sheet date.

Deferred tax is recognized using the balance sheet liability method on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities, except for deferred tax on temporary differences due to either initial recognition of goodwill or initial recognition of a transaction that is not a business combination, and where the temporary difference ascertained at the time of initial recognition does not affect either the tax results or the taxable income. The deferred tax is calculated based on the planned use of the individual asset or settlement of the individual liability.

Deferred tax is measured applying the tax rules and tax rates expected to be applicable when the deferred tax is expected to crystallize as current tax. Any change in deferred tax as a result of changes in tax rules or rates is recognized in the income statement, unless the deferred tax is attributable to transactions that have previously been recognized directly in equity or in other comprehensive income. In the latter case, the change is recognized directly in equity or in other comprehensive income, respectively.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognized in the balance sheet at the expected realizable value, either through offsetting against deferred tax liabilities or as a net tax asset for offsetting against future positive taxable incomes. An assessment is made on each balance sheet date of whether it is probable that sufficient taxable income will be generated in future to enable utilization of the deferred tax asset.

STATEMENT OF COMPREHENSIVE INCOME

Other external expenses

Other external expenses comprise expenses relating to administrative expenses, costs of premises, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as social security expenses, pensions for group staff, other staff-related expenses and share-based payment compensation.

Net financials

Net financials comprise interest income and expenses, realized and unrealized gains and losses on transactions in foreign currency and realized and unrealized gains and losses on other financial assets.

Amortization of capital losses and borrowing costs relating to financial liabilities is recognized on an ongoing basis as part of the interest expenses.

BALANCE SHEET**Receivables**

Receivables comprise trade receivables and other receivables. Receivables are included in the category loans and receivables, which are financial assets with fixed or determinable payments that are not listed in an active market and are not derivative financial instruments.

On initial recognition, receivables are measured at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value and subsequently at amortized cost, which usually corresponds to the nominal value, less write-downs for bad debts.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all receivables

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

Direct and incremental costs associated with capital increases are accounted for as a reduction in the proceeds from the capital increase and recognized in shareholders' equity.

Liabilities

Other financial liabilities comprise trade payables, other payables to public authorities and other liabilities. On initial recognition, other financial liabilities are measured at fair value less any transaction costs. Subsequently, the liabilities are measured at amortized cost according to the effective interest method, so that the difference between the proceeds and the nominal value is recognized in the income statement as a financial expense over the period of the loan.

CASH FLOW STATEMENT

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash at the beginning and end of the year. Cash flows from operating activities are presented in accordance with the indirect method and are determined as the operating profit or loss adjusted for non-cash operating items, changes in working capital and paid financial income, financial expenses and income tax.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of companies and financial assets as well as the purchase, development, improvement and sale of property, plant and equipment and intangible assets.

Cash flows from financing activities comprise changes in the Company's share capital and associated costs as well as the raising and repayment of loans, the repayment of interest-bearing debt, the purchase and sale of treasury shares and the payment of dividends.

Cash flows in currencies other than the functional currency are recognized in the cash flow statement using average exchange rates, unless they deviate significantly from the actual exchange rates at the transaction dates.

Cash and cash equivalents comprise cash less overdraft facilities that are an integrated part of the cash management.

FINANCIAL HIGHLIGHTS

Explanation of financial ratios:

$$\text{Solvency ratio} \quad : \quad \frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

2. Capital resources and liquidity

As a start-up development company, and like other similar companies, the Company has had a negative cash flow in 2018, why the company is dependent on being recapitalized until reaching the point where a positive cash flow begins. The activities of the company in the future will depend on proceeds obtained from capital increases.

The Board of Directors and Executive Management are constantly monitoring the Company's financial position to be prepared to take adequate measures to secure the company.

The two majority shareholders are expected to contribute DKK 400,000 in March 2019 in connection with the planned conversion of the Company into an Aktieselskab (Public Limited Company).

Furthermore, the Company plans to list on Spotlight Stock Market Copenhagen in May 2019 and raise up to DKK 15 million. A bridge loan was agreed in February 2019 of approximately

DKK 4.5 million for conversion in the IPO and with a commitment for the lenders to invest in the IPO.

The Board of Directors and Executive Management have confidence in the company as a going concern

3. Staff expenses

The average number of employees during the year is zero.

There is no compensation to key management and the Board of Directors during 2018.

4. Financial expenses

Financial expenses in 2018 of DKK 1,200 relate to bank fees.

5. Tax

The Company has a loss for the year and tax on the loss for the year is DKK 0. The unrecognized deferred tax assets from tax losses carried forward of TDKK 12 can be carried forward indefinitely. Deferred tax has been provided at 22% corresponding to the current tax rate.

The Company is joined taxed with the parent company Life Science IVS. Group companies are jointly and severally liable for tax on the jointly taxed incomes etc. Life Science IVS is the management company for the joint taxation.

6. Equity

Share capital

The share capital consists of 5,000,000 shares of DKK 0.01 each. The shares are fully paid in. The shares are not divided into classes, and no shares enjoy special rights.

<i>Shares issued and fully paid:</i>	2018
Shares issued, 30 January at formation paid in by cash	105,500
Capital increase during 2018 by conversion	4,894,500
Shares issued, 31 December	5,000,000

All shares have a nominal value of DKK 0.01.

Capital management

The Company aims to ensure structural and financial flexibility as well as competitive strength. For that purpose, the Company regularly assesses what the appropriate capital structure for the Company is.

Dividend

It is proposed that no dividend are paid.

7. Change in working capital	2018
Prepayments	-16,463
Change in trade payables	55,000
Change in other payables	13,435
Total	51,972

8. Financial risks and financial instruments

Risk management policy

The Company's financial risks are managed by the Executive Management. The Company has not prepared policies for the identification and handling of risks. The management of the Company's risks is included in the Executive Management's day-to-day monitoring of the Company.

Interest rate risk

The Company is not subject to material interest rate risks.

Currency risk

The Company is not subject to material currency risks.

Credit risk

The Company is not subject to material credit risks.

Liquidity risk

The Company's liquidity risk covers the risk that the Company is not able to meet its liabilities as they fall due.

As a development company, and like other similar groups, FluoGuide expect to show negative cash flow from operations, why the company is dependent on being recapitalized until reaching the point where a positive cash flow begins.

The Board of Directors and Executive Management are constantly monitoring the Company's financial position to be prepared to take adequate measures to secure the company. Several options are possible such as partnering deals, service agreements, reduce investments in fixed assets and increase the capital in the company.

The Board of Directors and Management have confidence in the company as a going concern.

The maturities of financial liabilities appear from the tables below. All amounts are contractual cash flows, i.e. inclusive of interest.

Amounts in DKK '000	Within		2-5 years	Over 5 years	Total
	1 year	1-2 year(s)			
<i>As at 31 December 2018</i>					
Trade payables	55,000	0	0	0	55,000
Other payables	13,435	0	0	0	13,435
Total	68,435	0	0	0	68,435

There were no assets nor liabilities measured at fair value as at 31 December 2018.

9. Related parties

Ownership as of 31 December 2018

Life Science IVS owns 58,82 % of the Company

Wexotex ApS owns 41,18 % of the Company

Transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Amounts in DKK

Other related parties:

Contribution and share capital increase – Life Science IVS	32,500
Contribution and share capital increase – Wexotec ApS	32,500
	65,000

Transactions with key management personnel

There is no remuneration to key management in 2018.

10. Events occurring after the balance sheet date

Subsequent to the balance sheet date, no events that could significantly affect the financial statements for 2018 have occurred.

However cf. note 2 a bridge loan was agreed in February 2019 of approximately DKK 4.5 million. Furthermore, the Company plans to list on Spotlight Stock Market Copenhagen in May 2019 and raise up to DKK 15 million. The bridge loan is expected to be converted into share capital in connection with expected IPO.

These events are expected to provide the Company with necessary funding for the Company to progress with the expected activities.