

Optoceutics ApS

c/o DTU Science Park A/S,
Diplomvej 381
2800 Kongens Lyngby

CVR no. 39 76 96 89

Annual report for the period 8 August 2018 – 31 December 2019

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

1 September 2020

Rasmus Just
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 Optoceutics ApS for the financial period 8 August 2018 – 31 December 2019.

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 2019 and of the results of the Company's operations for the financial period 8 August 2018 – 31 December 2019.

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.

Kongens Lyngby, 1 September 2020

Executive Board:

Ngoc Mai Thi Nguyen
CEO

Marcus Schultz Carstensen

Board of Directors:

Rasmus Just
Chairman

Vivienne L'Ecuier Ming

Jes Broeng

Ngoc Mai Thi Nguyen

Marcus Schultz Carstensen

Independent auditor's report

To the shareholders of Optoceutics ApS

Opinion

We have audited the financial statements of Optoceutics ApS for the financial period 8 August 2018 – 31 December 2019 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 2019 and of the results of the Company's operations for the financial period 8 August 2018 – 31 December 2019 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

Independent auditor's report

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.

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, 1 September 2020

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

Optoceutics ApS
Annual report 2018/19
CVR no. 39 76 96 89

Management's review

Company details

Optoceutics ApS
c/o DTU Science Park A/S
Diplomvej 381
2800 Kongens Lyngby

Telephone: 23 45 64 42

CVR no.: 39 76 96 89

Financial period: 8 August 2018 – 31 December 2019

Board of Directors

Rasmus Just, Chairman
Vivienne L'Ecuyer Ming
Jes Broeng
Ngoc Mai Thi Nguyen
Marcus Schultz Carstensen

Executive Board

Ngoc Mai Thi Nguyen, CEO
Marcus Schultz Carstensen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Management's review

Operating review

Principal activities

2018/19 was OptoCeutics ApS' first financial year. The main activities were establishing an organization, developing prototypes and raising additional funding for the further development.

In addition to capital investments, OptoCeutics has received DKK 1,320,500 in non-equity funding from the Innovation Fund, EU and EIT Health, among others.

Development in activities and financial position

OptoCeutics is in development mode, implying high research and development costs. Several prototypes have been developed and one has been selected for continued development, CE approval and clinical testing.

In 2020, OptoCeutics will continue to develop its proprietary technology, improve the Quality Management System, plan and execute clinical trial studies, and fundraise. Additionally, OptoCeutics will initialise a dialogue with the Food and Drugs administration (FDA) through a Q-submission and continue the dialogue with OptoCeutics' notified body for ISO 13485 certification.

Profit for the year

The Company's income statement for 2018/19 shows a profit of DKK 652,067. Equity in the Company's balance sheet at 31 December 2019 was DKK 5,051,729.

Events after the balance sheet date

The occurrence of COVID-19 meant that the clinical trials will be delayed until COVID-19 restrictions have been relieved. Except for this unforeseen delay, OptoCeutics is well on track executing its strategy.

Financial statements 8 August – 31 December

Income statement

DKK	Note	8/8 2018- 31/12 2019
Gross profit		889,327
Staff costs	2	<u>-65,897</u>
Operating profit		823,430
Financial expenses		<u>-1,390</u>
Profit before tax		822,040
Tax on profit for the year	3	<u>-169,973</u>
Profit for the year		<u><u>652,067</u></u>
Proposed profit appropriation		
Reserve for development costs		2,877,453
Retained earnings		<u>-2,225,386</u>
		<u><u>652,067</u></u>

Financial statements 8 August – 31 December

Balance sheet

DKK	Note	2019
ASSETS		
Fixed assets		
Intangible assets		
Development projects in progress		3,689,043
Investments		
Deposits		32,800
Total fixed assets		3,721,843
Current assets		
Receivables		
Other receivables		242,947
Corporation tax		641,616
		884,563
Cash at bank and in hand		1,987,555
Total current assets		2,872,118
TOTAL ASSETS		6,593,961

Financial statements 8 August – 31 December

Balance sheet

DKK	Note	2019
EQUITY AND LIABILITIES		
Equity		
Contributed capital		68,654
Reserve for development costs		2,877,453
Retained earnings		<u>2,105,622</u>
Total equity		<u>5,051,729</u>
Provisions		
Provisions for deferred tax		<u>811,589</u>
Total provisions		<u>811,589</u>
Liabilities other than provisions		
Current liabilities other than provisions		
Trade payables		39,813
Other payables		424,109
Deferred income		<u>266,721</u>
		<u>730,643</u>
Total liabilities other than provisions		<u>730,643</u>
TOTAL EQUITY AND LIABILITIES		<u><u>6,593,961</u></u>
Contractual obligations, contingencies, etc.	4	

Financial statements 8 August – 31 December

Statement of changes in equity

DKK	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity at 8 August 2018	1	0	0	1
Capital increase	68,653	0	4,331,008	4,399,661
Transferred over the profit appropriation	0	2,877,453	-2,225,386	652,067
Equity at 31 December 2019	68,654	2,877,453	2,105,622	5,051,729

Financial statements 8 August – 31 December

Notes

1 Accounting policies

The annual report of Optoceutics ApS for 2018/19 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

Income statement

Gross profit

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

Revenue

Income from activities is recognised in revenue when terms have been met, and the income may be measured reliably and is expected to be received.

Other external costs

Other external costs comprise costs for administrative expenses, costs of premises etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, excluding reimbursements from public authorities.

Financial expenses

Financial expenses comprise interest expenses.

Tax on profit for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit for the year is recognised in the income statement at the amount attributable to the profit for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs are recognised in the income statement in the acquisition year.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided

Financial statements 8 August – 31 December

Notes

1 Accounting policies (continued)

that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Impairment of fixed assets

The carrying amount of intangible assets and investments is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists.

Investments

Deposits are recognised at amortised cost.

Receivables

Receivables are measured at amortised cost.

If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

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 measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets 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.

Financial statements 8 August – 31 December

Notes

1 Accounting policies (continued)

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.

Cash at bank and in hand

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Equity

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Liabilities other than provisions

Liabilities are measured at amortised cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises advance funding regarding subsequent years.

Financial statements 8 August – 31 December

Notes

	8/8 2018- 31/12 2019
DKK	
2 Staff costs	
Wages and salaries	2,141,505
Other social security costs	15,090
Transferred to development projects	<u>-2,090,698</u>
	<u>65,897</u>
Average number of full-time employees	<u>6</u>
3 Tax on profit for the year	
Tax receivable	641,616
Deferred tax for the year	<u>-811,589</u>
	<u>-169,973</u>
4 Contractual obligations, contingencies, etc.	
Contingent liabilities	
The Company has a total rent obligation of DKK 84 thousand related to a 7 months period of notice starting from 1 January 2020.	



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Rasmus Just

Chairman

Serienummer: PID:9208-2002-2-379876167575

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Date: 01.09.2020 19:23:37Z
IP: 188.183.146.145



Jes Broeng

Board Member

Serienummer: PID:9208-2002-2-577453910996

Signed using: NemID
Date: 01.09.2020 19:25:39Z
IP: 95.174.65.166



Vivienne Ming

Board Member

vivienne@socos.org

Verified using: +15102754040
Date: 01.09.2020 20:00:43Z
IP: 66.117.142.98

Marcus Schultz Carstensen

Director

Serienummer: PID:9208-2002-2-207825199365

Signed using: NemID
Date: 01.09.2020 20:48:50Z
IP: 77.72.50.240



Mai Nguyen

CEO

mai@optoceutics.com

Verified using: +14088386598
Date: 01.09.2020 21:31:29Z
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Optoceutics ApS - Long-Form Audit Report.pdf

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