

## **PBN Medicals Denmark A/S**

Lautruphøj 5, 1.  
2750 Ballerup  
CVR No. 67071417

### **Annual report 2021**

The Annual General Meeting adopted the  
annual report on 04.08.2022

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**Sharon McNally**

Chairman of the General Meeting

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# Entity details

## Entity

PBN Medicals Denmark A/S

Lautruphøj 5, 1.

2750 Ballerup

Business Registration No.: 67071417

Registered office: Ballerup

Financial year: 01.01.2021 - 31.12.2021

## Board of Directors

Jixiu Han

Sharon Cynthia McNally

George Alexander Leondis

## Executive Board

Sharon Cynthia McNally

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of PBN Medicals Denmark A/S for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Ballerup, 04.08.2022

## Executive Board

**Sharon Cynthia McNally**

## Board of Directors

**Jixiu Han**

**Sharon Cynthia McNally**

**George Alexander Leondis**

# Independent auditor's report

## To the shareholders of PBN Medicals Denmark A/S

### Opinion

We have audited the financial statements of PBN Medicals Denmark A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

København, 04.08.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Jens Sejer Pedersen**

State Authorised Public Accountant  
Identification No (MNE) mne14986

# Management commentary

## Primary activities

The company's activities comprise ownership of a patent for which royalties are paid based on sales.

## Development in activities and finances

The income statement of the Company for financial year 2021 shows a profit of T.DKK 7,570 and at 31 December 2021 the balance sheet of the Company shows a equity of T.DKK 8,600. Gross profit include royalty until end Q3 2021 from which point of time the royalty payment were terminated based on a DEMPE analysis and the actual economic facts and circumstances related to the underlying license agreement.

The management considers the net result for the year to be satisfactory.

## Events after the balance sheet date

No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.



# Income statement for 2021

	Notes	2021 DKK	2020 DKK
<b>Gross profit/loss</b>		<b>8,696,854</b>	<b>7,753,380</b>
Other financial income	1	1,053,461	14,382
Other financial expenses	2	(42,751)	(816,803)
<b>Profit/loss before tax</b>		<b>9,707,564</b>	<b>6,950,959</b>
Tax on profit/loss for the year	3	(2,137,155)	(1,529,169)
<b>Profit/loss for the year</b>		<b>7,570,409</b>	<b>5,421,790</b>
<b>Proposed distribution of profit and loss</b>			
Ordinary dividend for the financial year		0	5,000,000
Retained earnings		7,570,409	421,790
<b>Proposed distribution of profit and loss</b>		<b>7,570,409</b>	<b>5,421,790</b>

# Balance sheet at 31.12.2021

## Assets

	Notes	2021 DKK	2020 DKK
Receivables from group enterprises		10,214,931	7,640,939
Other receivables		20,875	0
<b>Receivables</b>		<b>10,235,806</b>	<b>7,640,939</b>
<b>Cash</b>		<b>499,628</b>	<b>139,145</b>
<b>Current assets</b>		<b>10,735,434</b>	<b>7,780,084</b>
<b>Assets</b>		<b>10,735,434</b>	<b>7,780,084</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2021 DKK</b>	<b>2020 DKK</b>
Contributed capital		600,000	600,000
Retained earnings		7,999,635	429,226
Proposed dividend		0	5,000,000
<b>Equity</b>		<b>8,599,635</b>	<b>6,029,226</b>
Trade payables		0	95,000
Payables to group enterprises		0	126,658
Income tax payable		2,135,799	1,529,200
<b>Current liabilities other than provisions</b>		<b>2,135,799</b>	<b>1,750,858</b>
<b>Liabilities other than provisions</b>		<b>2,135,799</b>	<b>1,750,858</b>
<b>Equity and liabilities</b>		<b>10,735,434</b>	<b>7,780,084</b>

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# Statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	600,000	429,226	5,000,000	6,029,226
Ordinary dividend paid	0	0	(5,000,000)	(5,000,000)
Profit/loss for the year	0	7,570,409	0	7,570,409
<b>Equity end of year</b>	<b>600,000</b>	<b>7,999,635</b>	<b>0</b>	<b>8,599,635</b>

# Notes

## 1 Other financial income

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	96,960	14,382
Exchange rate adjustments	956,501	0
	<b>1,053,461</b>	<b>14,382</b>

## 2 Other financial expenses

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Exchange rate adjustments	0	816,225
Other financial expenses	42,751	578
	<b>42,751</b>	<b>816,803</b>

## 3 Tax on profit/loss for the year

	<b>2021</b>	<b>2020</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	2,137,155	1,529,169
	<b>2,137,155</b>	<b>1,529,169</b>

Tax on profit for the year include taxation on an assumed transfer of IP to licensee.

## 4 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## 5 Related parties with controlling interest

Manan Medical Products Inc., 241 West Palatine Road, Wheeling, IL 60090, USA, owns all shares in the company and thus has a controlling influence on this.

## 6 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Shandong Weigao Group Medical Polymer Co. Ltd., No. 18 Xingshan Road, High-tech Industrial Development Zone, 264209 Weihai, Shandong Province, China.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

## Income statement

### Gross profit

Gross profit comprise revenue and other external expenses.

### Revenue

Revenue comprise royalties and is based on sale of licensed products and is recognized in accordance with contract terms when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the company. Gross profit include royalty until end Q3 2021 from which point of time the royalty payment were terminated based on a DEMPE analysis and the actual economic facts and circumstances related to the underlying license agreement..

Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the consideration

fixed.

**Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including office expenses, etc.

**Other financial income**

Other financial income comprises of other interest income and exchange rate adjustments, and are recognized in the income statement at the amounts relating to the financial year.

**Other financial expenses**

Other financial expenses are recognized in the income statement at the amounts relating to the financial year.

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

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

**Balance sheet****Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

**Cash**

Cash comprises cash in hand and bank deposits.

**Dividend**

Dividend is recognized as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Tax receivable or payable**

Current tax receivable or payable is recognized in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.