

PBN Medicals Denmark A/S

Lautruphøj 5, 1.
2750 Ballerup
CVR No. 67071417

Annual report 2022

The Annual General Meeting adopted the
annual report on 14.07.2023

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

Date of foundation: 06.07.1981

Registered office: Ballerup

Financial year: 01.01.2022 - 31.12.2022

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 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

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, 14.07.2023

Executive Board

Sharon Cynthia McNally

Board of Directors

Jixiu Han

Sharon Cynthia McNally

George Alexander Leondis

Independent auditor's extended review report

To the shareholders of PBN Medicals Denmark A/S

Conclusion

We have performed an extended review of the financial statements of PBN Medicals Denmark A/S for the financial year 01.01.2022 - 31.12.2022, 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.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting 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 extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of Management and, if appropriate, of other entity

personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our conclusion 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 extended review 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 extended review 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 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, 14.07.2023

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 2022 shows a profit of T.DKK 486 and at 31 December 2022 the balance sheet of the Company shows a equity of T.DKK 9.086.

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 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		(202,664)	8,696,853
Other financial income	1	830,400	1,053,461
Other financial expenses	2	(4,405)	(42,750)
Profit/loss before tax		623,331	9,707,564
Tax on profit/loss for the year	3	(137,133)	(2,137,155)
Profit/loss for the year		486,198	7,570,409
Proposed distribution of profit and loss			
Retained earnings		486,198	7,570,409
Proposed distribution of profit and loss		486,198	7,570,409

Balance sheet at 31.12.2022

Assets

	2022 DKK	2021 DKK
Receivables from group enterprises	11,391,827	10,214,931
Other receivables	39,426	20,875
Receivables	11,431,253	10,235,806
Cash	54,171	499,628
Current assets	11,485,424	10,735,434
Assets	11,485,424	10,735,434

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		600,000	600,000
Retained earnings		8,485,833	7,999,635
Equity		9,085,833	8,599,635
Payables to group enterprises		2,262,322	0
Income tax payable		137,269	2,135,799
Current liabilities other than provisions		2,399,591	2,135,799
Liabilities other than provisions		2,399,591	2,135,799
Equity and liabilities		11,485,424	10,735,434
Contingent liabilities	4		
Related parties with controlling interest	5		
Group relations	6		

Statement of changes in equity for 2022

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	600,000	7,999,635	8,599,635
Profit/loss for the year	0	486,198	486,198
Equity end of year	600,000	8,485,833	9,085,833

Notes

1 Other financial income

	2022	2021
	DKK	DKK
Financial income from group enterprises	174,776	96,960
Exchange rate adjustments	655,624	956,501
	830,400	1,053,461

2 Other financial expenses

	2022	2021
	DKK	DKK
Other financial expenses	4,405	42,750
	4,405	42,750

3 Tax on profit/loss for the year

	2022	2021
	DKK	DKK
Current tax	137,133	2,137,155
	137,133	2,137,155

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.

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.