

Annual Report 2020



MAXIMIZING SURGICAL OUTCOME
BY INTELLIGENT TARGETING

FluoGuide

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COMPANY INFORMATION & MANAGEMENT REVIEW

In this document, the following definitions shall apply unless otherwise specified: "the Company" or "FluoGuide" refers to FluoGuide A/S, with CVR number 39296438. Figures in '()' refer to same period last year.

The Company

FluoGuide A/S
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

FLUOGUIDE

The primary focus of FluoGuide is to maximize surgical outcomes in oncology. FluoGuide's lead product, FG001, does this by improving the precision of surgery by illuminating cancer cells.

FluoGuide in brief

FluoGuide is a life science company based in Denmark that develops products designed to maximize surgical outcomes through intelligent targeting. The improved surgical precision enabled by FluoGuide's products is expected to have the dual benefit of reducing the frequency of local recurrence post-surgery and reducing surgical complications. Ultimately, these improvements will increase a patient's chance of achieving a complete cure and lower system-wide healthcare costs. The Company is currently undertaking a combined phase I and II clinical trial to demonstrate the safety and efficacy of its lead product, FG001, in patients with high-grade glioma (including glioblastoma).

FG001 has shown positive preliminary results in an ongoing phase I/II study

Pipeline

FluoGuide's lead product, FG001, is in phase I/II targeting high-grade glioma, an indication that was chosen because of the significant unmet medical need. To expand the pipeline, FluoGuide is also preparing FG001 for clinical testing in other oncology indications, including prevalent cancers such as breast and lung cancer. The Company has also secured rights to a follow-on product, FG002, which is based on a novel fluorophore.

FG001

FG001 is designed to allow surgeons to clearly delineate cancer from normal tissue during surgery through FluoGuide's uPAR-targeted luminescent technology. The increased surgical precision enabled by FG001 decreases the risk of leaving malignant cells behind, reducing the chance of local recurrence and maximizing outcomes compared to current standard-of-care treatments.

How it works

FG001 is made of a proprietary cancer-targeting molecule linked to a fluorophore. The targeting molecule

binds to the urokinase-type plasminogen activator receptor (uPAR), which is extensively expressed on the surface of most types of solid tumors. This binding identifies the cancer through fluorescence during surgery.

Ongoing clinical trial with FG001

The ongoing phase I/II clinical trial in patients with high-grade glioma has two phases: (1) a dose escalation phase to establish safety and tolerability, and (2) an efficacy assessment phase.

- (1) The dose escalation phase includes groups of three patients to be dosed with the same amount of FG001, with safety evaluated after dosing. Following a positive evaluation of the patients, the next group of patients is initiated at the next dose level. A total of up to eight groups of three patients each is planned to be tested in this dose escalation phase, totaling up to 24 patients.
- (2) Estimation of the magnitude of benefit of FG001 (efficacy) is done in the second phase of the trial and will include 12 patients. Importantly, this data will be used to calculate the number of patients needed (power calculation) for the pivotal phase III trial required for registration. Efficacy data will also be used to help inform pricing for FG001.

As of January 2021, FluoGuide has completed the first two dose levels (six patients) in the first phase of the trial. The safety and tolerability profile is thus far in line with the pre-clinical safety studies, indicating that FG001 should be well tolerated with a good safety profile. Furthermore, luminescence from FG001 was detected in five out of the six patients (two of three in the first dosing group and three of three in the second). These findings are as good as can be hoped for at this early stage, however the first phase of the trial must be completed and the data analyzed before any conclusions on tolerability and safety profile can be drawn. It is likewise too soon to make any predictions of the efficacy of FG001 based on the findings from the first two dosing levels. At completion of the phase I/II trial, tissue samples obtained during the trial will be read by blinded pathologists, to confirm that the tissue lighting up is actually cancer, and that tissue that does not light up is free of cancer.

The recruitment of patients over the next several months may be slowed due to the ongoing COVID-19 pandemic. However, at the time of this report, FluoGuide believes that the overall timeline remains as in prior communications, assuming five to eight cohorts are needed to identify the optimal dose. The timeline is: (i) Mid 2021 – Results from the first phase (safety and selection of optimal dose); (ii) Second half of 2021 – Efficacy results from the second phase.

FG002

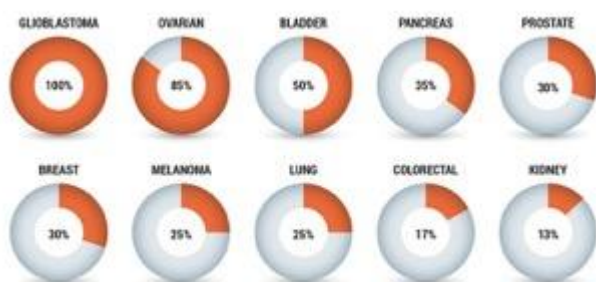
FluoGuide’s second product, FG002, is designed similarly to FG001 in that it will allow surgeons to clearly differentiate cancer from normal tissue during surgery through a novel uPAR-targeted luminescent technology. FG002 is particularly relevant for colorectal cancer and is being studied preclinically. FluoGuide will use these results, together with the results from the clinical study of FG001, to select one or two new uPAR-targeted indications to advance into clinical development. This decision is expected in late 2021.

Market potential in improving the precision of surgery by illuminating cancer cells

Surgery is the cornerstone of cancer therapy – of the 15 million new cancer patients each year, 80% will need surgery. For localized cancers, surgery is performed with a curative intent, with the surgeon using vision and palpation to find and delineate cancer from normal tissue.

Because this is difficult, the average recurrence rate post-surgery is approximately 50%, with wide variation, depending on the type of cancer.

Percent local recurrence after surgery



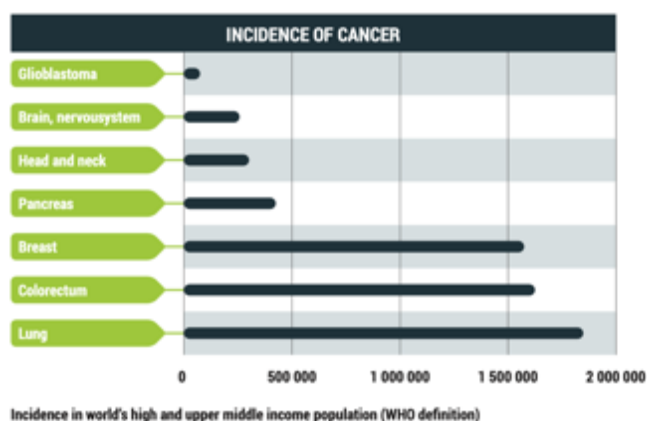
Significant potential for FG001

FluoGuide has chosen high-grade glioma for the initial indication of FG001 due to the significant unmet need of these patients and to the clear commercialization path. Nearly all high-grade gliomas express uPAR, and high-grade glioma is an aggressive form of brain cancer that has a nearly 100% local recurrence rate post-surgery,

translating into a very poor prognosis for most patients. Half of all high-grade glioma patients die within 14 months, with only 5% surviving after 5 years. The improved precision that FG001 can offer in this setting has the potential to dramatically improve patient outcomes.

While high-grade glioma is the initial indication for FG001, there is also tremendous opportunity to address other solid tumors because uPAR is extensively expressed in most aggressive cancers. Preclinical studies have confirmed the effect of FG001 in high-grade glioma, pancreatic cancer, as well as head and neck cancer. FG001 has the potential to demonstrate a clinical benefit in these and other cancers with high incidence rates, including breast cancer and lung cancer.

Incidence rates of solid tumor cancers



FluoGuide’s uPAR technology platform supported with a robust scientific foundation

uPAR – broadly expressed, highly selective to delineate cancer

uPAR is a protein present on the surface of cancer cells that directly correlates to the aggressiveness of the cancer. uPAR is part of a cell-bound enzyme system present on the invasive forefront of cancer where it breaks down normal tissue to allow the cancer to spread. uPAR is therefore an outstanding target to delineate cancer from normal tissue, to guide the surgeon in removing the cancer precisely. The protein is extensively expressed in most solid tumors, including prevalent forms of cancer such as breast, colorectal and lung cancer, as well as in less prevalent but deadly cancers such as high-grade glioma, pancreatic cancer and head and neck cancer. Estimates indicate that uPAR is expressed in over 50% of all cancers that undergo surgical removal, making FG001 an attractive target to improve surgical outcomes for millions of oncology patients worldwide.

The concept of using uPAR binding fluorophores to guide surgery was developed in 2014 by a research group led by Professor Andreas Kjær at Rigshospitalet and the University of Copenhagen. Proof-of-concept was first demonstrated in a preclinical model using implanted human glioblastoma and was published two years later. In 2017, EUR 1.3 million was awarded to a public-private consortium, led by Professor Andreas Kjær, to develop uPAR targeted products for guided surgery. FluoGuide has received a financial contribution from this grant, but will benefit from work continuing under this grant until the end of 2021. FluoGuide was incorporated in 2018 and acquired the intellectual property rights related to the initial uPAR targeted product, FG001, with the strategic intent of becoming a leader in cancer surgery through products designed to maximize surgical outcomes with intelligent targeting.

EIC grant from the EU was awarded in 2020

FluoGuide was awarded an EIC grant of EUR 2.5 million from the EU which was partly paid in 2020. The grant will help accelerate the development of FG001; the addition of the second phase of the ongoing phase I/II clinical trial is a direct result of this grant. The grant is non-dilutive and is a strong signal from the EU, as it is reserved for top innovators and companies with a demonstrated strategic plan.

Intellectual property protection

FluoGuide has established strong IP protection. The patent family protecting FG001 is owned by FluoGuide and has been issued in Europe and the USA. The patents do not expire until 2034, providing a long period of protection to maximize the commercial opportunity of the product.

PATENT NAME: uPAR targeting peptide for use in peroperative optical imaging of invasive cancer
PATENT NUMBER: WO/2016/041558A1
TYPE: Issued in the USA, EU and Australia
FILED: 17/Sep/2014
EXPIRES: 16/Sep/2034
OWNER: FluoGuide A/S

More information

A comprehensive description of the company's strategy, development plans and programs can be found on our website: www.fluoguide.com

The team

FluoGuide has a strong management team with expertise across the entire value chain, from the discovery of imaging techniques and the development of new healthcare products to international commercialization of medical solutions.

FluoGuide also has an experienced Board of Directors representing diverse skill sets and networks to help guide FluoGuide in its ambitious plans for value creation.

Outlook for FluoGuide

FluoGuide's first goal is to advance its lead product – FG001 – to improve outcomes for the 60,000 patients worldwide that are diagnosed annually with high-grade glioma.

Broadening the mission to realize the vast potential of uPAR for guiding cancer surgery, FluoGuide's second objective is to expand its pipeline by accelerating the development of FG001 for indications beyond high-grade glioma and beginning to develop second generation products. These could include enhanced precision and luminescence to further improve cancer detection through uPAR targeting fluorophores.

The key milestones for 2021 are:

- (i) Mid 2021: Results from the first phase clinical study (safety and selection of optimal dose)
- (ii) Second half of 2021: Efficacy results from the second phase.

uPAR targeting – potential to help more than 3,000,000 cancer patients who undergo surgery every year

COMMENT FROM THE CEO

The year 2020

FluoGuide had a strong 2020, with significant progress in our development pipeline and also in establishing a strong financial base.

The most important event in 2020 was the approval by the Danish Medicines Agency and initiation of the phase I/II clinical trial of FG001 in patients with high-grade glioma undergoing surgery. This transformed FluoGuide into a clinical stage company.

FluoGuide is also pleased to report a satisfactory enrollment rate and that the first two dosing levels demonstrated no safety issues and a favorable tolerability profile. This result is in line with our expectations based on our pre-clinical studies. Furthermore, light was detected in five out of six patients. These initial findings are promising, although completion of the full study and the final data analysis are needed before we can draw conclusions on safety or efficacy.

Our financial position was also strengthened in 2020, as a result of a directed share issue in February and a successful warrant exercise in May. In total this provided the company with approximately DKK 11.6 million and DKK 6.4 million (before issuing costs), respectively. FluoGuide was also awarded a EUR 2.5 million grant by The European Innovation Council (EIC), which was partially paid in 2020. The EU funds come from the prestigious SME Instrument grant program, and are being used to accelerate the development of FG001.

We have also continued our business development activities to achieve product portfolio expansion. During the third quarter we entered into an agreement with LI-COR Biosciences to use their proprietary next-generation fluorophore. To fully explore the potential of uPAR-targeted surgical guidance, it is strategically important for FluoGuide to investigate indications beyond glioblastoma and to prepare structured partnerships. FluoGuide anticipates two to three uPAR targeted products will be optimal, with the next product in development being FG002.

In 2020 we also successfully strengthened the skills and expertise of our organization within clinical development and financial management, to further position us to achieve our future goals.

FluoGuide was listed on Spotlight Stock Market in 2019 and in 2020 was awarded "Best IPO" in its category, an accolade of which we are very proud.

The COVID-19 pandemic has impacted health and economics on a global scale, and may continue to have a major impact in the near future. FluoGuide has, thus far, not been directly affected by the pandemic and we remain optimistic about maintaining our timelines and staying on track towards our ultimate goal of improving outcomes in surgical oncology.

I would like to take this opportunity to thank all of our shareholders for their confidence in us, our business, and our product vision. Together with an extraordinary team, I am looking forward to the year ahead and to continuing FluoGuide's ambitious journey to bring new solutions to surgeons and cancer patients worldwide. We are eager to continue the development of our first product and to transforming FluoGuide into a late clinical-phase company with a pipeline of new indications and new development candidates. This year should indeed be a very exciting time for the Company and its shareholders.



Morten Albrechtsen
CEO, FluoGuide A/S

HIGHLIGHTS FROM 2020

Q1

- European patent granted “uPAR targeting peptide for use in peroperative optical imaging of invasive cancer” (EP3193945)
- Excellent results published on FluoGuide’s FG001 guided surgical removal of cancer
- Safety study initiated for FG001
- Directed share issue strengthened FluoGuide’s ownership, and is expected to shorten the time to market for FG001
- FluoGuide is shortlisted for an EU grant

Q2

- Warrants of series TO 1 subscribed at 100%
- FluoGuide secures a pipeline of uPAR targeting molecules
- FluoGuide was awarded Best IPO in 2019 by the independent IPO Guide
- FG001 successfully completed all toxicity studies
- FluoGuide was selected as a top innovator and awarded €2.5 million by the European Innovation Council
- Appointed Dorthe Grønnegaard Mejer as Vice President of Clinical Development

Q3

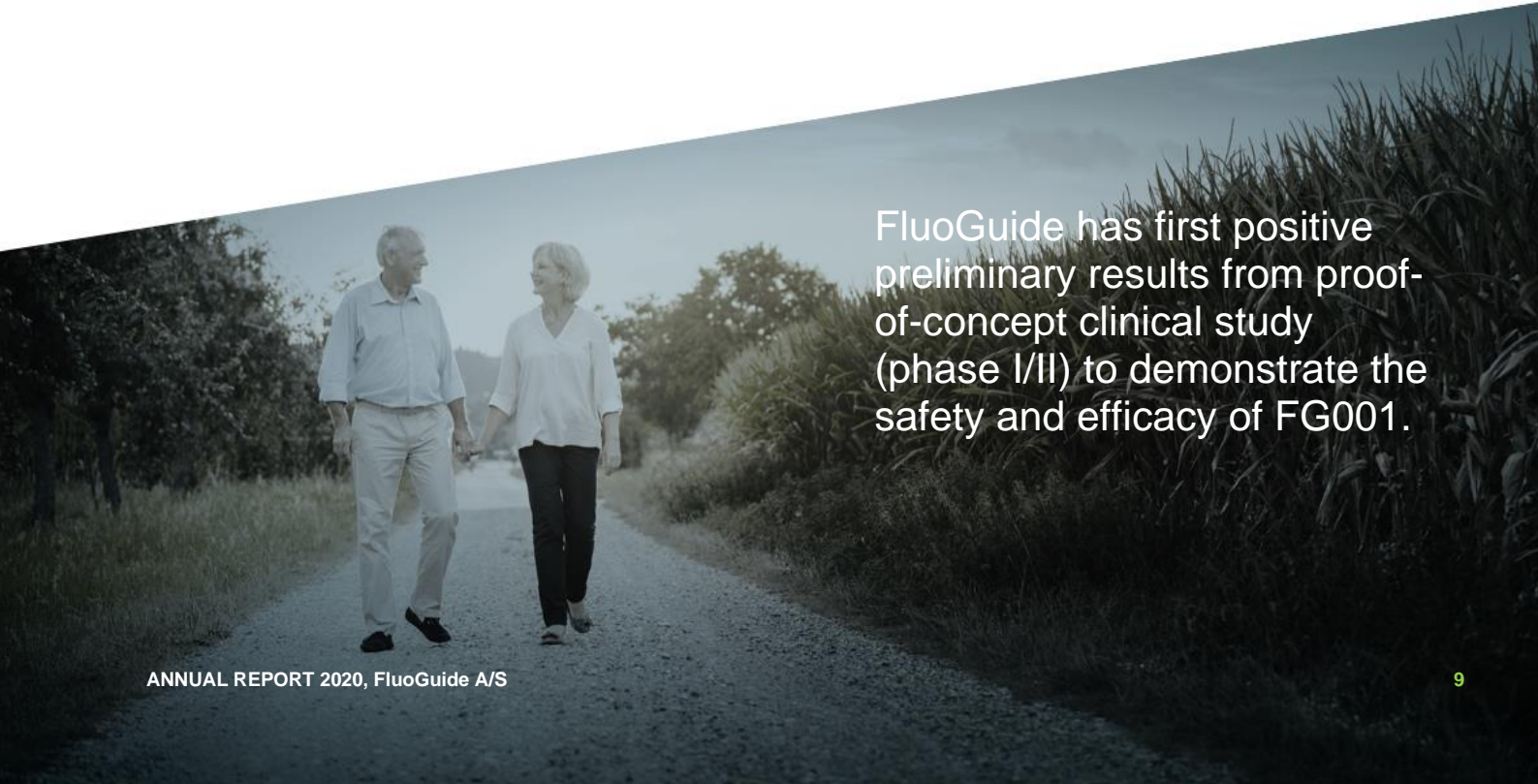
- Submitted the Clinical Trial Application for the phase I/II proof-of-concept clinical trial for FG001 in patients with high-grade glioma undergoing surgery
- FluoGuide A/S and LI-COR Biosciences signed an agreement to develop uPAR targeted products to guide oncology surgery using LI-COR’s proprietary next-generation fluorophore, IRDye 800CW
- Obtained regulatory approval from the Danish Medicines Agency to commence the phase I/II clinical trial of FG001 in patients with high-grade glioma (including glioblastoma) undergoing surgery
- Appointed Henrik Moltke as Chief Financial Officer

Q4

- FluoGuide awarded post doc grant from Innovation Fund Denmark to expand the pipeline
- First patient enrolled in the phase I/II clinical trial testing FG001 in patients with high-grade glioma
- SEB initiates commissioned research on FluoGuide
- FluoGuide gets green light to proceed to second dose level with FG001 in the ongoing clinical phase I/II trial in patients with high-grade glioma

HIGHLIGHTS AFTER THE PERIOD

- FluoGuide gets green light to proceed to third dose level with FG001 in the ongoing clinical phase I/II trial in patients with high-grade glioma
- FluoGuide announces that the chairman of the Board of Directors, Arne Ferstad, will not stand for re-election at the upcoming Annual General Meeting



FluoGuide has first positive preliminary results from proof-of-concept clinical study (phase I/II) to demonstrate the safety and efficacy of FG001.

BOARD OF DIRECTORS



Arne Ferstad – Chairman of the Board since 2019

Arne Ferstad, born in 1950, is professional board member. He is presently serving as Chairman of the Board at CombiGene AB. He is board member at Peptonic Medical AB and CLS AB. He is CEO and Director at Aankor Consultants Ltd. Previously, he was responsible for Baxter Healthcare's operations in the Nordic and Benelux countries, President for EMEA Baxter Renal Division, Head of Business for Baxter Bioscience in Asia. He was also General Manager and Vice President at the Pharmacia Corporation. Arne Ferstad has extensive experience in the field of biotech and drug development. He

holds a degree in Finance/Marketing from Markedforingskolen in Oslo and has also studied Management at INSEAD/Cedep in France. Arne Ferstad is an independent Board Member.



Peter Mørch Eriksen – Board member since 2019

Peter Mørch Eriksen, born in 1960, is the CEO of BioPorto A/S. Peter Mørch Eriksen has more than 20 years of experience in medtech/life science both in Denmark and abroad. Prior to joining BioPorto A/S, Peter Mørch Eriksen was the CEO of Sense A/S and before this role, held positions as Vice President of Medtronic in both the USA and Denmark. Peter Mørch Eriksen brings extensive experience in creating growth, restructuring and funding for technology intensive and complex companies. Current directorships in other companies includes Member of the Board of BioPorto Diagnostics A/S, BioPorto

Inc., BioPorto Diagnostics Inc. and Veterinary Diagnostics A/S. Member of the Advisory Board at Lund University Diabetes Centre. Peter Mørch Eriksen also serves on the Medical Device and Diagnostics Advisory Committee of Cincinnati Children's Hospital Center in Cincinnati, Ohio (US). Peter Mørch Eriksen is Director in PME Holding ApS. He holds a degree in Economics/Accounting from the Copenhagen Business School. Peter Mørch Eriksen is an independent Board Member.



Shomit Ghose – Board member since 2019

Shomit A. Ghose, born in 1961, is a Managing Director and General Partner at ONSET Ventures, a Silicon Valley venture fund, where he has been active since 2001. He has served on multiple boards within ONSET's portfolio, and previously also served as Chief Executive Officer of Truviso, where he also held a Board seat. He is a seasoned tech executive and a venture capitalist with operating experience. In addition to his time as an investor, he has 19 years of executive experience at high-tech companies in Silicon Valley. Shomit Ghose specializes in the information technology sector with a focus on

software, networking and infrastructure. He has been instrumental in several IPOs. He holds a degree in Computer Science from the University of California Berkeley. Shomit Ghose is an independent Board Member.



Micaela Sjökvist – Board member since 2019

Micaela Sjökvist, born in 1970, is Head of Investor Relations at Securitas AB, a publicly listed company active in the security sector. Micaela Sjökvist has over 20 years of experience in corporate communications, financial communications and investor relations in listed international companies. Previous experience includes operating roles at both the international PR consultancy company Grayling and Telia Sonera AB. She holds a B.Sc in Economics and Business Administration from Uppsala University. Micaela Sjökvist is an independent Board Member.



Andreas Kjær – Board member since 2018

Andreas Kjær, born in 1963, is professor at the University of Copenhagen and chief physician at Rigshospitalet, the National University Hospital of Denmark. His research is focused on molecular imaging with PET, PET/MRI and optical imaging in cancer and cardiovascular disease and his achievements include development of several new tracers that have reached first-in-human clinical use. He is an ERC Advanced Grantee, has published more than 500 peer-reviewed articles and has received numerous prestigious scientific awards. Andreas Kjær holds an MBA from Copenhagen Business School and is an MD, PhD, DMSc from University of Copenhagen. He is a member of the Danish Academy of Technical Sciences. He is not an independent board member.

EXECUTIVE MANAGEMENT



Morten Albrechtsen – CEO since 2018

Morten Albrechtsen, born in 1964, is a physician and seasoned entrepreneur with a strong medical, commercial and financial background that includes expertise gained in a broad range of therapeutic areas in both drugs and devices.. His commercial expertise is international and includes sales through partners, affiliates as well as direct-to-patient, -hospital and -end user.. Morten Albrechtsen founded and acted as CEO for Nanovi A/S - guiding radiotherapy treatment of cancer. He has also worked at Nycomed Pharma, now Takeda Pharmaceuticals Ltd, and Boehringer Ingelheim GmbH. He holds a BBA in

Marketing from the Copenhagen Business School and an MD from Copenhagen University.



Henrik Moltke, CFO since December 2020

Henrik Moltke, born in 1958, brings more than 30 years of experience from the life sciences and health care sectors, where he has held roles such as CFO and Senior Vice President. Henrik Moltke was a co-founder of NeuroSearch. The primary focus in his previous career has been in venture financing, including IPOs as well as follow on capital increases in the public markets, investor relations, business development, finance planning and strategic development.



Andreas Kjær – CSO

See above under Board of Directors.



Grethe Nørskov Rasmussen – Chief Development Officer since 2019

Grethe Nørskov Rasmussen, born in 1962, is an experienced product developer with a deep understanding of CMC gained while serving as Senior Vice President, Product Development at Ascendis Pharma A/S, where Grethe Rasmussen worked for over 10 years. Previously, Grethe Rasmussen served as Vice President for Protein Science at Maxygen, Inc. and later as Managing Director for the Danish subsidiary of Maxygen. Prior to joining Maxygen, Grethe Rasmussen held various positions at Novo Nordisk A/S, a global healthcare company, where she contributed to research and development. She holds a MSc and a PhD in Biochemistry from the Danish Technical University.



Dorthe Grønnegaard Mejer - VP Clinical Development since 2020

Dorthe Grønnegaard Mejer, born in 1975, has a M.Sc. in Pharmaceutical Sciences from Copenhagen University, Dorthe Grønnegaard Mejer has previously been VP Clinical Development at Larix and VP Clinical Operations at Orphazyme.

MISCELLANEOUS

The share

The shares in FluoGuide were listed on Spotlight Stock Market on 7 May 2019. The ticker is FLUO and the ISIN code is DK0061123312.

The total number of shares as of 31 December 2020 amounted to 10,530,026 shares (7,224,274). As of 14 January 2021 the company had, according to VP Securities, 7,664 shareholders.

| Shareholders | Number of shares | Votes and capital |
|--|-------------------|-------------------|
| Flagged | | |
| Life Science IVS * | 2,124,891 | 20.2% |
| Wexotec ApS ** | 1,487,394 | 14.1% |
| SEB nom, Sweden | 807,347 | 7.7% |
| Management and board of directors | | |
| Grethe Nørskov Rasmussen *** | 373,185 | 3.5% |
| Arne Ferstad **** | 299,147 | 2.8% |
| PME HOLDING APS ***** | 117,297 | 1.1% |
| Micaela Sjøkvist **** | 61,422 | 0.6% |
| Shomit Ghose**** | 39,810 | 0.4% |
| Other shareholders | | |
| Others | 5,219,533 | 49.6% |
| TOTAL | 10,530,026 | 100.0% |

* Life Science IVS (CVR DK-38453726) is a wholly owned company by Board Member and CSO Andreas Kjaer.

** Wexotec ApS (CVR DK-26301149) is a wholly owned company by CEO Morten Albrechtsen.

*** Management

**** Member of the Board of Directors,

***** PME Holding ApS is a wholly owned company by Board member Peter Mørch Eriksen.

Every share equals the same rights to the Company's assets and results.

Warrants

As of 31 December 2020 there are no issued warrants in FluoGuide.

Proposed appropriation of retained earnings

The Board and the CEO have proposed that no dividend is paid out for the fiscal year, 1 January 2020 – 31 December 2020.

Financial calendar for 2021

| | |
|--------------------------|------------------|
| Annual General Meeting | 9 February 2021 |
| Q1 report: | 26 May 2021 |
| Q2 and half-year report: | 25 August 2021 |
| Q3 report: | 24 November 2021 |

FINANCIAL HIGHLIGHTS AND RATIOS

| KEY FIGURES | 2020 | 2019 | 2018 |
|--------------------------|---------|---------|-------|
| Amounts in DKK '000 | | | |
| Income Statement | | | |
| Operating Loss | -22,161 | -10,644 | -52 |
| Net financial items | -25 | -1,062 | 1 |
| Loss for the period | -17,460 | -9,653 | -53 |
| Balance sheet | | | |
| Total assets | 16,742 | 5,238 | 75 |
| Equity | 4,411 | 4,542 | 7 |
| Cash flows | | | |
| Cash flows from: | | | |
| Operating activities | -8,847 | -10,553 | -1 |
| Investing activities | -42 | -390 | 0 |
| Financing activities | 17,182 | 13,228 | 60 |
| The period's cash flow | 8,293 | 2,285 | 59 |
| Dividend | 0 | 0 | 0 |
| Ratios | | | |
| Solvency ratio | 26% | 87% | 9% |
| Earnings per share (DKK) | -1.78 | -1.49 | -0.08 |

For definitions of ratios, see under accounting policies.

The total number of shares as of 31 December 2020 totaled 10,530,026 shares. The total number of shares as of 31 December 2019 totaled 7,224,274 shares. The average number of shares for 2020 was 9,797,895 shares. The average number of shares for 2019 was 6,477,565 shares.

FINANCIAL REVIEW

Financial Development

Operating income and operating results

The loss for the period 2020 were as expected. Net revenue amounted to DKK 0 (0) and the loss for the period was KDKK 17,460 (9,653) in 2020. The increase in the net loss reflect that the company has recorded the majority of the costs related to the ongoing phase I/II study in 2020.

Balance sheet and solidity

The total equity at 31 December 2020 was KDKK 4,411 (4,542). The solidity as per 31 December 2020 was 26% (87%).

Cash flow and investments

The total cash position in 2020 was KDKK 10,637 (2,344). No investments was done in 2020.

Capital resources

As a development stage start-up life-science company, and like other similar development stage companies, the Company expects negative cash flow in 2021 from operating activities. Therefore, the company is dependent on being recapitalized or selling rights to its products against cash until reaching the point where the size of the revenue in-creases the costs resulting in a positive cash flow. The activities of the company in the future will depend on proceeds obtained from capital increases or sales of rights. Please refer to note 2 to the Financial Statements.

Subsequent events

The current COVID-19 pandemic has impacted peoples' health and economies on a global scale, and may continue to have a major impact in the near future. FluoGuide has until now not directly been significantly affected by the COVID-19 pandemic and we remain optimistic in maintaining our timelines and stay on track towards our goal of improving outcome in surgical oncology.

Subsequent to the balance sheet date, no events have had significantly affect on the financial statements for 2020.

MANAGEMENT STATEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive Management have today considered and adopted the Annual Report of FluoGuide A/S for the financial year 1 January – 31 December 2020.

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 for annual reports of class B companies. 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 2020 of the Company and of the results of the Company operations and cash flows for the financial year 1 January - 31 December 2020.

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, 26 January 2021

Executive Management

Morten Albrechtsen
CEO

Board of Directors

Arne Ferstad
Chairman

Andreas Kjær

Shomit Ghose

Lisa Micaela Sjökvist

Peter Mørch Eriksen

INDEPENDENT AUDITOR'S REPORT

To the shareholders of FluoGuide A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January to 31 December 2020 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.

We have audited the Financial Statements of FluoGuide A/S for the financial year 1 January - 31 December 2020, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows 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, 26 January 2021

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

| INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME | | 2020 | 2019 |
|--|---|------------------|------------------|
| | Amounts in DKK '000 | 01/Jan 31/Dec | 01/Jan 31/Dec |
| Note | | | |
| | Other operating income | 3.218 | 100 |
| | Other external expenses | -20.644 | -8.880 |
| 3 | Staff expenses | -4.616 | -1.864 |
| | Depreciation and amortisation | -119 | 0 |
| | Operating loss before net financials | -22.161 | -10.644 |
| 4 | Financial income | 26 | 0 |
| 4 | Financial expenses | -51 | -1.062 |
| | Loss before tax | -22.186 | -11.706 |
| 5 | Tax on loss for the year | 4.726 | 2.053 |
| | Net loss for the year | -17.460 | -9.653 |
| | Other comprehensive income for the year, net of tax | 0 | 0 |
| | Total comprehensive income | -17.460 | -9.653 |

BALANCE SHEET

| ASSETS | | 2020 | 2019 |
|---------------|---------------------------------|---------------|--------------|
| | Amounts in DKK '000 | 31/Dec | 31/Dec |
| Note | | | |
| 6 | Acquired patents | 378 | 378 |
| 7 | Right of use assets | 211 | 0 |
| | Deposit | 54 | 12 |
| | Total non-current assets | 643 | 390 |
| | Other receivables | 554 | 324 |
| 5 | Receivable corporate tax | 4.726 | 2.053 |
| | Prepayments | 182 | 127 |
| | Cash | 10.637 | 2.344 |
| | Total current assets | 16.099 | 4.848 |
| | Total assets | 16.742 | 5.238 |

| EQUITY AND LIABILITIES | | 2020 | 2019 |
|-------------------------------|-------------------------------------|---------------|--------------|
| Amounts in DKK '000 | | 31/Dec | 31/Dec |
| Note | | | |
| | Share capital | 1.053 | 722 |
| | Share premium | 0 | 0 |
| | Retained earnings | 3.358 | 3.820 |
| 8 | Total equity | 4.411 | 4.542 |
| 9 | Lease liabilities | 57 | 0 |
| | Non-current liabilities | 57 | 0 |
| 9 | Lease liabilities | 161 | 0 |
| | Trade payables | 2.689 | 489 |
| | Other payables | 1.494 | 207 |
| | Deferred income | 7.930 | 0 |
| | Current liabilities | 12.274 | 696 |
| | Total liabilities | 12.331 | 696 |
| | Total equity and liabilities | 16.742 | 5.238 |

STATEMENT OF CHANGES IN EQUITY

| EQUITY | Share capital | Share premium | Retained earnings | Total equity |
|---|------------------|------------------|----------------------|-----------------|
| Amounts in DKK '000 | | | | |
| Equity as at 31 December 2018 | 50 | 0 | -43 | 7 |
| Total comprehensive income 2019 | | | -9.653 | -9.653 |
| Contribution - cash | 556 | 10.043 | | 10.599 |
| Capital increase – conversion bridge financing | 116 | 5.645 | | 5.761 |
| Expenses in connection with capital increase | | | -2.172 | -2.172 |
| Transfer | | -15.688 | 15.688 | 0 |
| Equity as at 31 December 2019 | 722 | 0 | 3.820 | 4.542 |
| Total comprehensive income 2020 | | | -17.460 | -17.460 |
| Contribution - cash | 331 | 17.665 | | 17.996 |
| Expenses in connection with capital increase | | | -702 | -702 |
| Employee share schemes – value of employee services | | | 35 | 35 |
| Transfer | | -17.665 | 17.665 | 0 |
| Equity as at 31 December 2020 | 1.053 | 0 | 3.358 | 4.411 |

CASH FLOW STATEMENT

| CASH FLOW | | 2020 | 2019 |
|-----------|--|------------------|------------------|
| Note | Amounts in DKK '000 | 01/Jan 31/Dec | 01/Jan 31/Dec |
| | Loss before tax | -22,186 | -11,706 |
| | Financial expenses, net, reversed | 25 | 1,062 |
| 11 | Change in working capital | 11,132 | 193 |
| | Depreciation and amortisation | 119 | 0 |
| | Adjustment for non-cash employee benefits expense – share-based payments | 35 | 0 |
| | Cash flows from operating activities before net financials | -10,875 | -10,451 |
| | Financial expenses net paid | -25 | -102 |
| | Tax credit paid out | 2,053 | 0 |
| | Cash flows from operating activities | -8,847 | -10,553 |
| | Purchase of intangible assets | 0 | 378 |
| | Paid deposit | 42 | 12 |
| | Cash flows from investing activities | 42 | 390 |
| | Cash capital increase | 17,996 | 10,599 |
| | Principal elements of lease payments | -112 | 0 |
| | Bridge financing and contribution | 0 | 4,801 |
| | Transaction cost, cash capital increase | -702 | -2,172 |
| | Cash flows from financing activities | 17,182 | 13,228 |
| | Total cash flows for the year | 8,293 | 2,285 |
| | Cash, beginning of year | 2,344 | 59 |
| | Cash, end of year | 10,637 | 2,344 |

| Movement in liabilities from financing activities | | |
|---|--------------------|------------|
| | 1 January | 0 |
| | New leases | 330 |
| | Interest | 9 |
| | Repayment | -121 |
| | 31 December | 218 |

NOTES

1. Accounting policies
2. Capital resources and liquidity
3. Staff expenses
4. Financial Income and Expenses
5. Tax
6. Intangible assets
7. Right of use of assets
8. Equity
9. Lease Liabilities
10. Distribution of profit/loss for the year
11. Change in working capital
12. Financial risks and financial instruments
13. Related parties
14. Operating lease commitments and other commitments
15. Events occurring after the balance sheet date

1. Accounting policies

FluoGuide A/S 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 '000).

Financial statements

The financial statements of FluoGuide A/S for 2020 are the Company's third financial year 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.

New standards not yet effective

There are no IFRSs or IFRIC interpretations that are 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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognized in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximated value as the discount rate, if leases exceeds USD 5,000 in value and are longer than twelve months.

Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalized and recognized in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognized in the income statement on a straight-line basis over the lease term.

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 operating income

Other income comprises income of a secondary nature in relation to the group's activities, including grants and license income. Income from licenses that do not transfer the right of ownership to an intangible asset are recognized over time in accordance with the substance of the agreements.

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.

Employee benefits

Share-based (warrants) compensation benefits are provided to employees via the FluoGuide A/S's Employee Option Plan to be adopted in 2021, an employee and executive short-term incentive share scheme.

Employee options Plan

The fair value of warrants granted under the FluoGuide A/S's Employee Option Plan is recognised as an employee benefits expense, with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted: - including any market performance conditions (e.g. the entity's share price) - excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period), and - including the impact of any non-vesting conditions (eg the requirement for employees to save or hold shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

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.

Earnings per share

Basic net result per share is calculated as the net result for the year divided by the weighted average number of outstanding ordinary shares, excluding treasury shares.

Diluted net result per share is calculated as the net result for the year divided by the weighted average number of outstanding ordinary shares, excluding treasury shares adjusted for the dilutive effect of share equivalents. As the income statement shows a net loss, no adjustments have been made for the dilutive effect.

Balance sheet

Acquired patents

Acquired patents are measured in the balance sheet at the lower of cost less accumulated amortization and recoverable amount.

Cost comprises the acquisition price, costs directly related to the acquisition and costs for preparation of the asset until such time as the asset is ready for use. The amortization is performed on a straight-line basis with no residual value over the period of validity starts when patent is taken into commercial use. Amortization methods, useful lives and residual values are reviewed every year.

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:

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

$$\text{Earnings per share:} \quad \frac{\text{Net loss for the year}}{\text{Average numbers of outstanding shares}}$$

Significant accounting estimates and assessments

In connection with the preparation of the financial statements, the management performs accounting estimates and assessments that affect the recognized values of assets, liabilities, income, expenses and cash flows as well as their presentation.

Accounting estimates reflect the management's best estimates in terms of amounts where the measurement is subject to uncertainty, typically because the estimate is based on assumptions concerning future events. The accounting estimates are based on historical experience and other assumptions deemed relevant, but the actual results may, naturally, deviate from the estimates made. The estimates are regularly reassessed, and the effect of changes is recognized in the consolidated financial statements.

Accounting judgements reflect decisions made by the management as to how the accounting policies are applied in specific situations where the accounting treatment depends on qualitative assessments. Examples could be when the risk passes or how a certain transaction or item is best presented to provide reliable and relevant information.

Development projects

Costs incurred in relation to individual development projects are capitalized only when the future economic benefit of the project is probable and the following main conditions are met: (i) the development costs can be measured reliably, (ii) the technical feasibility of the product has been ascertained and (iii) Management has the intention and ability to complete the intangible asset and use or sell it.

Currently no other significant accounting estimates and judgements have been applied in the preparation of the financial statements for 2020.

2. Capital resources and liquidity

As a development stage start-up life-science company, and like other similar development stage companies, the Company has had a negative cash flow in 2020, why the company is dependent on being recapitalized or selling rights to its products against cash until reaching the point where the size of the revenue exceeds the costs resulting in a positive cash flow. The activities of the company in the future will depend on proceeds obtained from capital increases or sales of rights.

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. In this connection the Covid-19 outbreak is also taking into consideration.

The Company became listed on Spotlight Stock Market Copenhagen in May 2019. A direct share issue was completed 2 March 2020. 2,230,994 shares were issued with a total proceed DKK 11.6 million before cost of approximately DKK 0.5 million. Furthermore, warrants issued in connection with the IPO was exercised in May 2020 with a total proceed of DKK 6.4 million (before costs).

An EU grant was awarded in June 2020 with a total pay out on MEUR 2.5 and with first instalment payed out in 2020. The next instalment is expected paid out in 2021.

The Board of Directors and Executive Management has reviewed the company's capital resouces and planned activites in 2021 including the budget for 2021 and concluded that the Company has the necessary capital resources to finance the planned activities for 2021.

The Board of Directors and Executive Management have based on the above concluded that the company is a going concern for 2021.

3. Staff Expenses

| STAFF EXPENSES | 2020 | 2019 |
|---|------------------|------------------|
| | 01/Jan 31/Dec | 01/Jan 31/Dec |
| Amounts in DKK '000 | | |
| Wages and salaries | 4.542 | 1.852 |
| Employee share schemes - value of employee services | 35 | 0 |
| Other social security costs etc. | 39 | 12 |
| Total | 4.616 | 1.864 |

| Compensation for key management personal | | |
|--|--------------|--------------|
| Short term employee benefits | 2.071 | 1.003 |
| Total | 2.071 | 1.003 |

Key management comprise Executive Management and the Board of Directors.

Compensation for key management personal includes: Morten Albrechtsen and Andreas Kjær

The average number of employees during 2020 is 3 (2019: 2).

In October 2020, two new employees received a letter confirming expected grants of share options (warrants) under FluoGuide A/S's Share Option Plan expected to be adopted at the Annual General Meeting for 2020. The total fair value of options granted will have a value of DKK 300. The assessed fair value at expected grant date of options granted is DKK 28.5. The fair value at grant date is independently determined using the Black-Scholes model which includes exercise price, the term of the option, the impact of dilution (where material), the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the option, and the correlations and volatilities of the peer group companies.

The model inputs for options granted in the letter during the year ended 31 December 2020 included:

- Vested options are expected to be exercisable for a period of one year after vesting
- Exercise price: DKK 53.16 (the volume weighted average price of FluoGuide A/S' shares the last 10 trading days prior to the letter)
- Grant date: 1 November 2020
- Expiry date: 31 October 2025
- Expected price volatility of the company's shares: 60.6%
- Expected dividend yield: 0%
- Risk-free interest rate: 0.41%

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

4. Financial Income and Expenses

| FINANCIAL INCOME AND EXPENSES | 2020 | | 2019 | |
|---|---------------------|------------|--------|---------------|
| | 01/Jan | | 01/Jan | |
| | 31/Dec | | 31/Dec | |
| | Amounts in DKK '000 | | | |
| Net exchange rate gains | | 26 | | 0 |
| Finance income | | 26 | | 0 |
| Interest expense on liabilities measured at amortized costs | | 42 | | 965 |
| Interest related to right-of-use assets | | 9 | | 0 |
| Net exchange rate losses | | 0 | | 97 |
| Finance expenses | | 51 | | 1,062 |
| Total | | -25 | | -1,062 |

5. Tax

| TAX | 2020 | | 2019 | |
|---|---------------------|--------------|--------|--------------|
| | 01/Jan | | 01/Jan | |
| | 31/Dec | | 31/Dec | |
| | Amounts in DKK '000 | | | |
| Tax on profit/loss for the year: | | | | |
| Current tax (tax under the tax credit scheme) | | 4,726 | | 2,053 |
| Total | | 4,726 | | 2,053 |
| Reconciliation of effective tax: | | | | |
| Tax computed on loss | | 4,881 | | 2,575 |
| Non-deductible expenses | | 0 | | -211 |
| Other permanent differences | | 1,418 | | 31 |
| Non-recognized deferred tax asset | | -1,573 | | -342 |
| Effective tax (21% / 18%) | | 4,726 | | 2,053 |
| Deferred tax: | | | | |
| Tax loss carried forward | | 1,924 | | 353 |
| Right of use assets | | 1 | | 0 |
| Total | | 1,925 | | 353 |
| Write down to accessed value | | -1,925 | | -353 |
| Total | | 0 | | 0 |

Under the Danish tax credit scheme the 22% tax value of negative taxable income related to costs from development activities up to DKK 25 million can be received in cash. Tax value of costs to the related to development activities amounts to KDKK 4,726 (2019: KDKK 2,053), is anticipated to be paid out from SKAT in Q4 2021 to the Company.

The unrecognized deferred tax assets from tax losses carried forward of KDKK 1,924 (2019: KDKK 353) can be carried forward indefinitely.

Tax has been computed at 22% corresponding to the current tax rate.

6. Intangible Assets

| INTANGIBLE ASSETS | Acquired patents | Intangible assets |
|---|------------------|-------------------|
| Amounts in DKK '000 | | |
| Costs at 1 January 2020 | 378 | 378 |
| Addition for the year | 0 | 0 |
| Costs 31 December 2020 | 378 | 378 |
| <i>Reconciliation of effective tax:</i> | | |
| Amortization and impairment losses 1 January 2020 | 0 | 0 |
| Amortization and impairment losses for the year | 0 | 0 |
| Amortization and impairment losses 31 December 2020 | 0 | 0 |
| Net book value 31 December 2020 | 378 | 378 |

7. Right of use of assets

| RIGHT OF USE ASSETS | Buildings | Right of use assets |
|--|------------|---------------------|
| Amounts in DKK '000 | | |
| Costs at 1 January 2020 | 0 | 0 |
| Addition for the year | 330 | 330 |
| Costs 31 December 2020 | 330 | 330 |
| Depreciation 1 January 2020 | 0 | 0 |
| Depreciation for the year | 119 | 119 |
| Depreciation 31 December 2020 | 119 | 119 |
| Net book value 31 December 2020 | 211 | 211 |

8. Equity

Share capital

The share capital consists of 10,530,026 shares with a nominal value of DKK 0.1 each. The shares are fully paid in. The shares are not divided into classes, and no shares have special rights.

| SHARE CAPITAL | 2020 | 2019 | 2018 |
|---|-------------------|------------------|------------------|
| Shares issued and fully paid | | | |
| Shares issued, 1 January | 7,224,274 | 5,000,000 | 0 |
| Shares issued, 30 January at formation paid in by cash | 0 | 0 | 105,500 |
| Capital increase by conversion of debt to shareholders and conversion from IVS to ApS | 0 | 0 | 4,894,500 |
| Cash contribution 8 March 2019 and conversion from ApS to A/S | 0 | 35,000,000 | 0 |
| Reverse share split (10:1) 8 March 2019 | 0 | -36,000,000 | 0 |
| Total shares after reverse split and before the IPO | | 4,000,000 | 5,000,000 |
| Increase in shares in relation to the IPO (incl. conversion of bridge loan) | 0 | 3,224,274 | 0 |
| Increase in shares in directed issue and exercise of warrants | 3,305,752 | 0 | 0 |
| Shares issued, 31 December | 10,530,026 | 7,224,274 | 5,000,000 |

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.

Warrants

In connection with the IPO, units were issued. One unit contained 3 shares and one warrant. The warrants were also listed at Spotlight Stock Market on 7 May 2019. In total, there is 1,074,758 outstanding warrants. Each warrant entitles the holder the right to subscribe for one (1) new share in FluoGuide at a subscription price of DKK 5.95 per share during the exercise period 16 April – 7 May 2020. The warrants was exercised fully 7 May 2020.

No warrants are outstanding as of 31 December 2020.

9. Lease Liabilities

| LEASE LIABILITIES | 2020 | 2020 |
|--------------------------|-------------|-------------|
| Amounts in DKK '000 | 31/Dec | 31/Dec |
| Non-current | 57 | 0 |
| Current | 161 | 0 |
| Total | 218 | 0 |

10. Distribution of Profit / loss for the year

| DISTRIBUTION OF PROFIT/LOSS FOR THE YEAR | 2020 | 2020 |
|---|----------------|---------------|
| Amounts in DKK '000 | 31/Dec | 31/Dec |
| Proposed dividend for the year | 0 | 0 |
| Retained earnings | -17.460 | -9.653 |
| Total | -17.460 | -9.653 |

11. Change in working capital

| CHANGE IN WORKING CAPITAL | 2020 | 2020 |
|-----------------------------------|---------------|-------------|
| Amounts in DKK '000 | 31/Dec | 31/Dec |
| Other receivables and prepayments | -285 | -435 |
| Change in trade payables | 2.200 | 375 |
| Change in other payables | 1.287 | 253 |
| Change in deferred income | 7.930 | 0 |
| Total | 11.132 | 193 |

12. Financial risks and financial instruments

Risk management policy

The Company's financial risks are managed by the Executive Management. The Company has an insurance plan. Otherwise 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 stage start-up life-science company, and like other similar development stage companies, the Company has had a negative cash flow in 2020, why the company is dependent on being recapitalized or selling rights to its products against cash until reaching the point where the size of the revenue increases the costs resulting in a positive cash flow.

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.

| 2020 - MATURITIES OF FINANCIAL LIABILITIES | < 1 year | 1-2 year(s) | 2-5 years | > 5 years | Total |
|---|------------------------|------------------------|----------------------|-------------------------|--------------|
| Amounts in DKK '000 | | | | | |
| As at 31 December 2020 | | | | | |
| Lease Liabilities | 161 | 57 | 0 | 0 | 218 |
| Trade payables | 2.689 | 0 | 0 | 0 | 2.689 |
| Other payables | 1.494 | 0 | 0 | 0 | 1.494 |
| Total | 4.344 | 57 | 0 | 0 | 4.401 |

| 2019 - MATURITIES OF FINANCIAL LIABILITIES | < 1 year | 1-2 year(s) | 2-5 years | > 5 years | Total |
|---|------------------------|------------------------|----------------------|-------------------------|--------------|
| Amounts in DKK '000 | | | | | |
| As at 31 December 2019 | | | | | |
| Lease Liabilities | 0 | 0 | 0 | 0 | 0 |
| Trade payables | 489 | 0 | 0 | 0 | 489 |
| Other payables | 207 | 0 | 0 | 0 | 207 |
| Total | 696 | 0 | 0 | 0 | 696 |

There were no assets nor liabilities measured at fair value as at 31 December 2020 and 2019.

13. Related parties

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.

| TRANSACTIONS RELATED PARTIES | 2020 | 2019 |
|--|-------------|-------------|
| | 01/Jan | 01/Jan |
| | 31/Dec | 31/Dec |
| Amounts in DKK '000 | | |
| <i>Other related parties:</i> | | |
| Contribution and share capital increase – Life Science IVS ^{*)} | 0 | 207 |
| Contribution and share capital increase – Wexotec ApS ^{**)} | 0 | 193 |
| Total | 0 | 400 |

^{*)} Life Science IVS (CVR no.: DK-38453726) is a wholly owned company by Board Member and CSO Andreas Kjaer

^{**)} Wexotec ApS (CVR no.: DK-26301149) is a wholly owned company by CEO Morten Albrechtsen.

Transactions with key management personnel

For remuneration to key management please refer to note 3.

There were no other transactions with related parties.

14. Operating lease commitments and other commitments

The company has entered into a purchase obligation with a supplier in the amount of DKK 3.5 million and short-term lease commitments of DKK 0.1 million. Both fall due within the next 4 months.

15. Events occurring after the balance sheet date

Subsequent to the balance sheet date, no events have had significantly affect on the financial statements for 2020.

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