



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	982 483 131
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	OPTINOSE AS
Forretningsadresse:	Gaustadalléen 21 0349 OSLO

### Regnskapsår

Årsregnskapets periode:	01.01.2019 - 31.12.2019
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### Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Nei

### Regnskapsregler

Regler for små foretak benyttet:	Ja
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Helena Kyttari Djupesland
Dato for fastsettelse av årsregnskapet:	18.06.2020

### Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert  
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 11.08.2021



## Resultatregnskap

Beløp i: USD	Note	2019	2018
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Revenue	11	4 230 000	0
Intercompany revenue	11	569 000	50 038 000
Other operating income	8	0	360 000
<b>Sum inntekter</b>		<b>4 799 000</b>	<b>50 398 000</b>
<b>Kostnader</b>			
Payroll expenses etc	2	626 000	409 000
Depreciation	3	1 000	1 000
Other operating expenses	2	2 428 000	3 135 000
Intercompany expenses		2 035 000	808 000
<b>Sum kostnader</b>		<b>5 090 000</b>	<b>4 353 000</b>
<b>Driftsresultat</b>		<b>-291 000</b>	<b>46 045 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen renteinntekt		3 569 000	146 000
Other financial income		-74 000	-61 000
<b>Sum finansinntekter</b>		<b>3 495 000</b>	<b>85 000</b>
Annen rentekostnad		5 716 000	6 383 000
Other financial expenses	12	4 364 000	0
<b>Sum finanskostnader</b>		<b>10 080 000</b>	<b>6 383 000</b>
<b>Netto finans</b>		<b>-6 585 000</b>	<b>-6 298 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-6 876 000</b>	<b>39 747 000</b>
Tax cost	5	0	0
<b>Ordinært resultat etter skattekostnad</b>		<b>-6 876 000</b>	<b>39 747 000</b>
<b>Årsresultat</b>		<b>-6 876 000</b>	<b>39 747 000</b>
<b>Overføringer og disponeringer</b>			
Udekket tap	6	-6 876 000	39 747 000
<b>Sum overføringer og disponeringer</b>		<b>-6 876 000</b>	<b>39 747 000</b>



## Resultatregnskap

<b>Beløp i: USD</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
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## Balanse

Beløp i: USD	Note	2019	2018
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Equipment	3	2 000	1 000
<b>Sum varige driftsmidler</b>		<b>2 000</b>	<b>1 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	9	2 000	2 000
<b>Sum finansielle anleggsmidler</b>		<b>2 000</b>	<b>2 000</b>
<b>Sum anleggsmidler</b>		<b>4 000</b>	<b>3 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Trade debtors		0	0
Other receivables		9 000	170 000
Intercompany receivables		107 000	44 571 000
Konsernfordringer	9	0	0
<b>Sum fordringer</b>		<b>116 000</b>	<b>44 741 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and bank deposits	7	4 991 000	969 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>4 991 000</b>	<b>969 000</b>
<b>Sum omløpsmidler</b>		<b>5 107 000</b>	<b>45 710 000</b>
<b>SUM EIENDELER</b>		<b>5 111 000</b>	<b>45 713 000</b>

## BALANSE - EGENKAPITAL OG GJELD

### Egenkapital



### Balanse

<b>Beløp i: USD</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
<b>Innskutt egenkapital</b>			
Share capital	4	43 858 000	43 858 000
<b>Sum innskutt egenkapital</b>		<b>43 858 000</b>	<b>43 858 000</b>
<b>Opptjent egenkapital</b>			
Translation reserve		2 407 000	2 407 000
Udekket tap		63 948 000	57 072 000
<b>Sum opptjent egenkapital</b>		<b>-61 541 000</b>	<b>-54 665 000</b>
<b>Sum egenkapital</b>		<b>-17 683 000</b>	<b>-10 807 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Long Term Notes	12	0	48 794 000
<b>Sum annen langsiktig gjeld</b>		<b>0</b>	<b>48 794 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>48 794 000</b>
<b>Kortsiktig gjeld</b>			
Leverandørgjeld		51 000	140 000
Tax payable	5	0	0
Public duties payable		42 000	40 000
Kortsiktig konserngjeld	9	22 172 000	6 893 000
Other short term liabilities		529 000	653 000
<b>Sum kortsiktig gjeld</b>		<b>22 794 000</b>	<b>7 726 000</b>
<b>Sum gjeld</b>		<b>22 794 000</b>	<b>56 520 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>5 111 000</b>	<b>45 713 000</b>





<p><b>PROTOKOLL FRA ORDINÆR GENERALFORSAMLING I OptiNose AS (Org. nr. 982 483 131)</b></p>	<p><b>MINUTES FROM ORDINARY GENERAL MEETING IN OptiNose AS (Org. no. 982 483 131)</b></p>
<p>Denne protokollen er utarbeidet både på norsk og engelsk. Ved uoverensstemmelser mellom de to versjonene, skal den norske protokollen ha forrang.</p>	<p>These minutes have been prepared in both Norwegian and English. In case of variation in the content of the two versions, the Norwegian version shall prevail.</p>
<p>Det ble avholdt en generalforsamling på Ytre Kjøholmen 14, 4770 Høvåg, Norway for OptiNose AS ("Selskapet") 18. juni 2020. Generalforsamlingen ble avholdt uten at kravene til innkallingen som følger av aksjeloven § 5-10 ble fulgt, da Selskapets eneste aksjeeier ikke hadde motsatt seg dette, jf. aksjeloven § 5-7, jf. § 5-10. For øvrig ble generalforsamlingen avholdt i henhold til reglene i aksjeloven § 5-8 til § 5-16.</p>	<p>A general meeting was held at Ytre Kjøholmen 14, 4770 Høvåg, Norway for OptiNose AS (the "Company") on 18 June 2020. The general meeting was held without observing the requirements to the notice for a general meeting as set out in the Norwegian Private Limited Liability Companies Act ("PLLCA") Section 5-10, as the Company's sole shareholder had not raised any objections to such procedure, cf. the PLLCA Section 5-7. The general meeting was held in accordance with the other rules as set out in the PLLCA Section 5-8 to Section 5-16.</p>
<p>Tilstede var OptiNose Inc, representert ved Helena Djupesland iht. fullmakt. 100 % av aksjene og den samlede aksjekapital var dermed representert på generalforsamlingen.</p>	<p>Present were OptiNose Inc. by power of attorney to Helena Djupesland. 100% of the shares and share capital were as such represented at the General Meeting.</p>
<p><b>1. Valg av møteleder og minst en person til å signere protokollen sammen med møteleder</b></p>	<p><b>1. Election of chairman of the meeting and at least one person to co-sign the minutes with the chairman</b></p>
<p>Som møteleder ble valgt Helena Djupesland og Per Djupesland ble valgt til å medundertegne protokollen sammen med møteleder.</p>	<p>Helena Djupesland was elected to chair the meeting, and Per Djupesland was elected to co-sign the minutes.</p>
<p><b>2. Godkjennelse av dagsorden</b></p>	<p><b>2. Approval of the agenda</b></p>
<p>Dagsorden ble enstemmig godkjent.</p>	<p>The agenda for the meeting was approved unanimously.</p>
<p><b>3. Godkjenning av årsregnskap og årsberetning for 2019</b></p>	<p><b>3. Approval of annual accounts and annual report of 2019</b></p>
<p>Styrets forslag til årsregnskap og årsberetning med revisors beretning for 2019 ble fremlagt.</p>	<p>The Board's proposal regarding the Company's annual accounts and annual report for 2019, including the auditor's report, were presented.</p>
<p>Generalforsamlingen besluttet å godkjenne det fremlagte årsregnskapet og årsberetningen for 2019.</p>	<p>The general meeting resolved to approve the presented annual accounts and the annual report of 2019.</p>
<p><b>4. Godkjenning av revisors honorar for 2019</b></p>	<p><b>4. Approval of remuneration to the auditor for 2019</b></p>
<p>I henhold til styrets forslag vedtok generalforsamlingen at godtgjørelsen til revisor for 2019 fastsettes og dekkes i henhold til regning.</p>	<p>In accordance with the proposal from the board, the general meeting resolved that the remuneration to the auditor for 2019 shall be determined and paid in accordance with the invoiced amounts.</p>
<p><b>5. Valg av revisor</b></p>	<p><b>5. Election of auditor</b></p>
<p>I henhold til styrets forslag vedtok generalforsamlingen at Ernst &amp; Young AS skal fortsette som revisor for OptiNose AS.</p>	<p>In accordance with the proposal from the board, the general meeting resolved that Ernst &amp; Young AS shall continue as auditor of OptiNose AS</p>



<p><b>6. Godtgjørelse til styrets medlemmer</b></p> <p>Generalforsamlingen vedtok etter styrets forslag at det ikke utbetales styregodtgjørelse.</p> <p><b>7. Valg av styremedlemmer</b></p> <p>Etter forslag fra styret vedtok generalforsamlingen å gjenvelge det sittende styret.</p> <p>***</p> <p>Det var ingen flere saker til behandling. Alle vedtak var enstemmige. Møtet ble deretter hevet.</p>	<p><b>6. Remuneration of the board of directors</b></p> <p>The general meeting resolved in accordance with the proposal from the board that no remuneration was to be paid to the board.</p> <p><b>7. Election of directors</b></p> <p>The general meeting re-elected the existing board of directors as proposed by the board.</p> <p>***</p> <p>No further matters were submitted for consideration. All resolutions were unanimous. The meeting was adjourned.</p>
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18. juni, 2020

 _____ Per Djupesland	 _____ Helena Djupesland møteleder
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## OptiNose AS

Annual Report 31.12.2019

Org. nr. 982483131

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**OptiNose AS**  
Org nr. 982483131**Balance Sheet**

(USD)

	Note	2019	2018
<b>Assets</b>			
Fixed Assets			
Property, Plant, & Equipment	3	\$ 1,915	\$ 1,213
Financial Fixed Assets			
Investments in Subsidiaries	9	2,267	2,267
<b>Total Fixed Assets</b>		<b>4,182</b>	<b>3,480</b>
<b>Current Assets</b>			
Debtors		-	-
Other Receivables		8,902	169,785
Intercompany Receivables	9	106,710	44,571,477
<b>Total Debtors</b>		<b>115,612</b>	<b>44,741,262</b>
<b>Investments</b>			
Cash and Bank Deposits	7	4,991,188	968,828
<b>Total Current Assets</b>		<b>4,991,188</b>	<b>968,828</b>
<b>Total Assets</b>		<b>\$ 5,110,982</b>	<b>\$ 45,713,570</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Restricted Equity			
Share Capital	4	\$ 43,857,527	\$ 43,857,527
<b>Total Restricted Equity</b>		<b>43,857,527</b>	<b>43,857,527</b>
Other Equity			
Uncovered Loss		(63,947,554)	(57,071,600)
Translation reserve		2,407,169	2,407,169
<b>Total Other Equity</b>		<b>(61,540,385)</b>	<b>(54,664,430)</b>
<b>Total Equity</b>		<b>(17,682,858)</b>	<b>(10,806,903)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade Creditors		50,542	140,448
Public duties payable		41,605	39,655
Tax payable	5	-	-
Other Short-Term Liabilities		529,319	653,380
Intercompany Liabilities	9	22,172,374	6,893,176
<b>Total Current Liabilities</b>		<b>22,793,840</b>	<b>7,726,660</b>
<b>Long-Term Notes Payable</b>	12	-	48,793,813
<b>Total Liabilities</b>		<b>22,793,840</b>	<b>56,520,473</b>
<b>Total Equity and Liabilities</b>		<b>\$ 5,110,982</b>	<b>45,713,570</b>

Board of Directors of Optinose AS  
Oslo, Norway – 18<sup>th</sup> June 2020Peter Miller  
ChairmanHelena Kyttari Djupesland  
Board Member/General ManagerMichael Marino  
Board MemberPer Gisle Djupesland  
Board Member

**OptiNose AS**  
Org nr. 982483131**Balance Sheet**

(USD)

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Board of Directors of Optinose AS  
Oslo, Norway – 18<sup>th</sup> June 2020Peter Miller  
ChairmanPer Gisle Djupesland  
Board MemberHelena Kyttari Djupesland  
Board Member/General ManagerMichael Marino  
Board Member



**OptiNose AS**  
**Org nr. 982483131**

**Profit and Loss Statement**  
*(USD)*

	Note	2019	2018
Licensing Revenue	11	\$ 4,230,000	\$ -
Intercompany Service Revenue	11	569,369	50,038,270
Other Operating Income	8	(402)	360,230
<b>Total Operating Income</b>		<b>4,798,967</b>	<b>50,398,499</b>
Payroll Expenses etc.	2	625,550	408,765
Other Operating Expenses	2	2,428,329	3,135,333
Depreciation	3	652	814
Intercompany Service Charge		2,035,313	808,360
<b>Operating Profit (Loss)</b>		<b>(290,877)</b>	<b>46,045,226</b>
Interest Income		(3,568,683)	(145,935)
Interest Expense		5,716,124	6,382,771
Loss on Extinguishment of Debt	12	4,363,214	-
Other Financial (Income)/Expense		74,423	61,154
<b>Operating Result Before Tax</b>		<b>(6,875,955)</b>	<b>39,747,235</b>
Tax Cost	5	-	-
<b>Net Profit (Loss) of the year</b>		<b>\$ (6,875,955)</b>	<b>\$ 39,747,235</b>
To Uncovered Profit (Loss)	6	\$ (6,875,955)	\$ 39,747,235
<b>Total Allocations</b>		<b>\$ (6,875,955)</b>	<b>\$ 39,747,235</b>



**OptiNose AS**  
**Org nr. 982483131**

## **Cash Flow Statement** *(USD)*

	<b>2019</b>	<b>2018</b>
<b>Cash Flow from Operations</b>		
Profit (Loss) Before Tax	(6,875,955)	39,747,235
Tax Paid	-	-
Depreciation of Fixed Assets	652	814
Change in Debtors	44,625,650	(44,535,312)
Change in Creditors	15,067,180	(44,233,808)
<b>Net Cash Flow from Operations</b>	<b>52,817,527</b>	<b>(49,021,071)</b>
<b>Cash Flow from Investing Activities</b>		
Investments in Tangible Fixed Assets	(1,354)	(1,618)
<b>Net Cash Flow from Investment Activities</b>	<b>(1,354)</b>	<b>(1,618)</b>
<b>Cash Flow from Financing Activities</b>		
Issuance of New Shares	-	-
Repayment of Debt Facility	(48,793,813)	-
Translation Reserve	-	-
<b>Net Cash Flow from Financing Activities</b>	<b>\$ (48,793,813)</b>	<b>\$ -</b>
<b>Net Change in Liquid Assets for the Year</b>	<b>\$ 4,022,360</b>	<b>\$ (49,022,689)</b>
<b>Liquid Assets at 1 January</b>	<b>\$ 968,828</b>	<b>\$ 49,991,517</b>
<b>Liquid Assets as of 31 December</b>	<b>\$ 4,991,188</b>	<b>\$ 968,828</b>



## OptiNose AS Org nr. 982483131

### Notes to the Financial Statements for 2019

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#### Note 1 - Accounting Principles

The Financial Statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted principles in Norway for Small Companies (SME). OptiNose AS does not prepare consolidated accounts in line with the special rules regulating Small Companies.

##### **Operations**

The Company's business purpose is to license and/or develop, commercialize and distribute drug delivery devices based on a patented principle. The Company realized income in certain years between 2013 and 2019 due to the out-licensing of its products utilizing the patented drug delivery system. The Company continues to rely on licensing revenues as well as equity and debt financing to fund its operations. To date, the Company's expenses, including salaries, have been comprised of expenses to support the Company's medical affairs initiatives, research and development expenses relating to carrying out research activities and ongoing work to secure the Company's patent protection. These expenses are expensed as they incur.

##### **Subsidiaries**

Subsidiaries are valued at cost.

##### **Sales revenue**

Revenues are recognized in accordance with the earned income principle. Milestone revenues related to product licensing payments owed from third parties are recognized once the related milestone is achieved. Royalty revenues are recognized as commercial sales of the product are realized by the licensor.

##### **Fixed assets / Long term liabilities**

Fixed assets are comprised of assets intended for long term ownership and use. Fixed assets are valued at cost. Fixed assets are recorded in the balance sheet and depreciated over the estimated useful economic lives. Fixed assets are written down to recoverable amounts when decreases in value are expected to be permanent. Write-downs are reversed when the basis for the write-down is no longer evident.

##### **Current assets / liabilities**

Current assets and liabilities are comprised of items receivable/due within one year. Current assets are valued at the lower of cost or market.

##### **Receivables**

Accounts receivable and other receivables are recorded in the balance sheet at face value less a provision for doubtful accounts. Provisions for doubtful accounts are determined on the basis of an assessment of the individual receivables.

##### **Taxes**

Tax expense in the profit and loss statement is comprised of tax payable for the period. Deferred tax is calculated at 22% in 2019 and 2018 and is determined on the basis of existing temporary differences between accounting net income and tax net income, including year-end loss and carry-forwards. The Company has chosen not to account for the deferred tax asset in the balance sheet.

##### **Pensions**

The Company provides a defined contribution pension plan for its employees in accordance with the legal requirements for pension schemes. Yearly pension costs equal the yearly premium.

##### **Currency**

Assets and liability account balances are valued at the exchange rate at the end of the financial year and equity accounts are valued using historical exchange rates. Profit and Loss accounts are valued using the exchange rate in effect on the date of the transaction.

##### **Stock Compensation**

Included in payroll expenses in 2019 and 2018 is \$114,920 and \$98,368, respectively, relating to stock compensation expense for stock options granted to OptiNose AS employees by the parent company, OptiNose Inc.

Additionally, as of December 31, 2019, \$112,743 in payroll taxes were accrued for employee compensation that may be realized in the future relating to vested stock options granted in connection with employment arrangements that are not yet exercised.



**OptiNose AS**  
**Org nr. 982483131**

**Note 2 – Employees, Compensation, Loans to Employees etc.**

*2.1 Specification of payroll expenses*

	<b>2019</b>	<b>2018</b>
Regular salaries	\$ 356,173	\$ 380,206
Bonus	31,270	33,300
Stock compensation expense	114,920	98,368
Payroll taxes	107,510	(119,991)
Pension costs	7,916	8,669
Other employee costs	7,761	8,214
<b>Total payroll expenses</b>	<b>\$ 625,550</b>	<b>\$ 408,765</b>

*Number of employees (fulltime equivalents)* 1.6 1.6

*2.2 Specification of remuneration to the management and the Board of Directors*

	<b>2019</b>	<b>2018</b>
<b>Managing Director</b>		
Salary	\$ 188,449	\$ 213,563
Pension	5,462	5,958
Bonus	16,511	17,861
<b>Total Managing Director</b>	<b>\$ 210,422</b>	<b>\$ 237,383</b>
<b>Chairman of the Board</b>		
Salary	\$ -	\$ -
Pension	-	-
Other Compensation	-	-
<b>Total Chairman of the Board</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Other Fees, The Board of Directors</b>		
Non-Executive Directors	\$ -	\$ -

There are no loan or security arrangements in favor of the managing director, Chairman of the Board, or other related parties.

*2.3 Specification Audit Fee*

	<b>2019</b>	<b>2018</b>
Audit fee	\$ 26,000	\$ 25,000
Other assurance services	-	-
Other services	-	-
<b>Total Audit Fee</b>	<b>\$ 26,000</b>	<b>\$ 25,000</b>



**OptiNose AS**  
**Org nr. 982483131**

**Note 3 – Tangible Fixed Assets**

	<b>2019</b>	<b>2018</b>
<b>Office Equipment</b>		
Investments as of 1 January	\$ 15,372	\$ 13,754
Additions	1,354	1,618
Disposals	-	-
<b>Investments as of 31 December</b>	<b>\$ 16,726</b>	<b>\$ 15,372</b>
Accumulated Depreciation as of 31 December	\$ (14,811)	\$ (14,159)
Net recorded Value as of 31 December	<b>\$ 1,915</b>	<b>\$ 1,213</b>
Depreciation for the Year	<b>\$ 652</b>	<b>\$ 814</b>
<b>Depreciation Plan</b>	33% / Linear	

**Note 4 – Shares and Shareholders etc.**

The Company's share capital as of 31 December 2019 and 31 December 2018 consisted of 2,553,511,040 shares, par value USD \$0.01718 per share, total USD \$43,857,527.

The Company is a fully owned subsidiary of OptiNose Inc., 1020 Stony Hill Road, Suite #300 Yardley, PA 19067 USA.



**OptiNose AS**  
**Org nr. 982483131**

**Note 5 – Taxes**

*5.1 Specification of temporary differences*

	<b>2019</b>	<b>2018</b>	<b>Change</b>
Tangible fixed assets	\$ (1,953)	\$ (2,280)	\$ 327
Accrued expenses	112,743	61,975	50,768
Share based compensation	388,839	277,178	111,661
Temporary differences	\$ 499,629	\$ 336,873	\$ 162,756
Accumulated taxable loss (carry-forward) at 31 December	49,828,547	49,210,374	618,173
Accumulated interest expense (carry-forward) at 31 December	10,737,457	5,205,219	5,532,238
Net temporary differences	\$ 61,065,633	\$ 54,752,466	\$ 6,313,167
Deferred tax asset at 22%	\$ 13,434,439	\$ 12,045,543	\$ 1,388,896
<i>Accumulated taxable loss (carry-forward) in NOK at 31 December</i>	<i>NOK 438,169,325</i>	<i>NOK 427,186,400</i>	<i>NOK 10,982,925</i>
<i>Accumulated interest expense (carry-forward) in NOK at 31 December*</i>	<i>NOK 94,420,254</i>	<i>NOK 45,185,570</i>	<i>NOK 49,234,684</i>

The company has chosen not to account for the deferred tax asset in the balance sheet.

\*Prior period interest expense potentially available to offset future profit:

expires in year 2025	NOK 17,259,126
expires in year 2027	NOK 27,926,444
expires in year 2029	NOK 49,234,684



**OptiNose AS**  
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5.2 Specification of tax payable

	2019	2018
Operating result before tax	\$ (6,875,955)	\$ 39,747,235
SkatteFUNN*	-	(122,950)
Non-deductible interest expense - permanent	-	6,236,837
Non-deductible interest expense - temporary	5,552,005	-
Change in temporary differences	165,980	(83,001)
Utilized tax loss carryforwards from previous years	-	(45,778,121)
<b>Taxable Income (Loss)</b>	<b>\$ (1,157,970)</b>	<b>\$ -</b>
Tax Payable	\$ -	\$ -

\*SkatteFUNN is a public grant to companies having R&D costs. The amount is an estimate.

5.3 Specification of tax on ordinary result

	2019	2018
Tax payable	\$ -	\$ -
Tax on ordinary result	\$ -	\$ -

**Note 6 – Equity**

	Share capital	Uncovered Loss	Sum Equity
Equity 1 January 2019	\$ 43,857,527	\$ (54,664,430)	\$ (10,806,903)
Net Income for the Year	-	(6,875,955)	(6,875,955)
Equity 31 December 2019	<b>\$ 43,857,527</b>	<b>\$ (61,540,385)</b>	<b>\$ (17,682,858)</b>

Uncovered loss includes translation reserves of USD 2,407,169 from 2013, when the accounting and presentation currency was changed from NOK to USD.

**Note 7 – Restricted Bank Deposits**

	2019	2018
Tax withholdings 31 December	\$ 21,144	\$ 20,252



## OptiNose AS Org nr. 982483131

### Note 8 – Other Operating Income

Other operating income consists of public grants received. In relation to the company's activity, the amounts received are considered to be material and are classified as income rather than a reduction of the R&D costs, given the Company historically relied on this grant funding.

	2019	2018
Skatte FUNN, (3,537) NOK in 2019 and 1,011,278 NOK in 2018	\$ (402)	\$ 122,950
Norwegian Research Council, 0 NOK in 2019 and 1,844,005 NOK in 2018 * see note 5	-	237,280
<b>Total Other Operating Income</b>	<b>\$ (402)</b>	<b>\$ 360,230</b>

### Note 9 – Intercompany Investments Receivables and Payables

#### Investment in Subsidiary

	2019	2018
Optinose UK Ltd. Investment	\$ 2,267	\$ 2,267
Berkeley House, Hunts Rise, Net Profit (Loss) for Year	(18,997)	106,046
South Martson Park, Wiltshire, Deficit	(69,689)	(50,692)
SN3 4TG England		

#### Intercompany Receivables

	2019	2018
OptiNose US, Inc. (USA)	\$ -	\$ 43,538,586
OptiNose UK Ltd. **	106,710	1,032,891
<b>Total Inter-Company Receivables</b>	<b>\$ 106,710</b>	<b>\$ 44,571,477</b>

#### Intercompany Payables

	2019	2018
OptiNose, Inc. (USA)***	\$ 7,861,155	\$ 6,893,176
OptiNose US, Inc. (USA)	14,311,219	-
<b>Total Inter-Company Payables</b>	<b>\$ 22,172,374</b>	<b>\$ 6,893,176</b>

\*\* OptiNose AS owns 100% of the shares in OptiNose UK Ltd.

\*\*\* OptiNose AS is a 100% owned subsidiary of OptiNose Inc.

### Note 10 – Functional Currency

NRS 20 describes functional currency as the currency of the primary economic environment in which an entity operates. The Company has a significant majority of its revenues and costs sourced and incurred in United States Dollars (USD). The choice of functional currency reflects those factors which are the main determinants of functional currency such as:

- primary cash income and expenditure currency;
- main currency for the entity's sales prices;
- main currency of the market place of the reporting entity;
- main currency for labor, material and other costs of goods and services (i.e. the currency in which such transactions are settled).



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Having considered the aggregate effect of all relevant factors, the directors determined that a change in functional currency was warranted and as such, changed the functional and reporting currency to USD effective January 1, 2013.

In accordance with NRS 20, this change was accounted for prospectively from this date. The year-end exchange rate at December 31, 2019 and 2018 was 8.7935 and 8.6808 Norwegian Kroner (NOK) per USD, respectively. The 2019 and 2018 average exchange rate for the year was 8.7997 and 8.1338 NOK per USD, respectively.

### **Note 11 – Revenue**

#### **AVP-825 License Agreement**

The Company did not recognize any licensing revenue under the AVP-825 License Agreement during the years ended December 31, 2019 and 2018. The AVP-825 License Agreement was terminated by the counterparty on March 10, 2019. As a result, the Company will not receive any future revenues under the agreement.

#### **Currax License Agreement**

On September 25, 2019, OptiNose AS entered into a license agreement (the Currax License Agreement) with Currax Pharmaceuticals LLC (Currax) pursuant to which the Company granted Currax an exclusive license to certain intellectual property for the commercialization of Onzetra Xsail® (formerly AVP-825) in the US, Canada and Mexico. Under the terms of the Currax License Agreement, Currax paid the Company an upfront payment of \$3,730,000, which was recognized as licensing revenue during the year ended December 31, 2019. In addition, the Company is eligible to receive an additional \$750,000 which is being held in escrow for a limited period to cover certain indemnification obligations. The Company is also eligible to receive a one-time 10% royalty on Onzetra Xsail® net sales in excess of \$3,000,000 solely for calendar year 2020, and a \$1,000,000 milestone payment subject to the achievement of a specified regulatory milestone.

#### **Inexia License Agreement**

On January 31, 2019, OptiNose AS entered into a license agreement (the Inexia License Agreement) with Inexia Limited (Inexia) pursuant to which the Company granted Inexia an exclusive worldwide license to certain intellectual property for the development and commercialization of products containing orexin receptor agonist and/or orexin receptor positive modulator molecules for the treatment, diagnosis or prevention of human diseases or conditions associated primarily with orexin receptor agonism and orexin receptor positive modulation. Under the terms of the Inexia License Agreement, Inexia paid the Company a \$500,000 upfront payment, which was recognized as licensing revenue during the year ended December 31, 2019. For each product developed under the Inexia License Agreement, the Company is eligible to receive up to \$8,000,000 of development milestone payments and up to \$37,000,000 of sales milestone payments. In addition, the Company is eligible to receive tiered, low-to-mid single digit royalties based on net sales of any products successfully developed and commercialized under the Inexia License Agreement. Other than the upfront payment, the Company does not anticipate the receipt of any milestone or royalty payments from Inexia in the near term.

#### **XHANCE® License Agreement**

During 2018, OptiNose AS entered into a license agreement (the XHANCE License Agreement) with an affiliate, OptiNose US, Inc. to sell XHANCE, the Company's fluticasone propionate product on a non-exclusive basis. The license agreement also gives OptiNose US, Inc. rights to further develop the product. Under the terms of the license agreement, the Company received an upfront payment of US \$50,000,000. During 2018, the Company also entered into a service agreement with OptiNose US, Inc. in which the Company agreed to provide services to support XHANCE. The Company generated revenue of \$410,198 and \$38,270 during the years ended December 31, 2019 and 2018, respectively, under the service agreement.

### **Note 12 - Long Term Debt**

On December 29, 2017, OptiNose AS entered into a Senior Secured Note Purchase Agreement (the Athyrium Senior Secured Notes) with Athyrium Opportunities III Acquisition LP in the amount of \$50,000,000. The Senior Secured Notes bore interest at 9.0% plus the three-month London Inter-bank Offered Rate (LIBOR), subject to a 1% floor and were scheduled to mature on June 29, 2023. The Athyrium Senior Secured Notes bore front-end fees of 1% of the aggregate principal amount, which were paid at issuance. The Company was also required to pay an exit fee of 2% of any principal payments (whether mandatory, voluntary, or at maturity) made throughout the term of the Note Purchase Agreement.

On September 12, 2019, OptiNose US, Inc. entered into a note purchase agreement (the Pharmakon Senior Secured Notes), with funds managed by Pharmakon Advisors, LP (Pharmakon), the investment manager of the BioPharma Credit funds (BioPharma). The Pharmakon Senior Secured Notes provide OptiNose US, Inc. with up to \$150,000,000 of debt financing, of which \$80,000,000 was issued on the closing date. OptiNose AS will serve as a guarantor of the Pharmakon Senior Secured Notes.



## **OptiNose AS** **Org nr. 982483131**

On September 12, 2019, in conjunction with the entry into the Pharmakon Senior Secured Notes, the Company terminated the Athyrium Senior Secured Notes and all outstanding amounts under such notes were repaid in full, and all security interests and other liens granted to or held by Athyrium were terminated and released. At the time of termination, OptiNose AS paid Athyrium (i) accrued and unpaid interest since June 18, 2019 of \$1,366,146, (ii) an exit fee of 2% of the aggregate principal amount of the notes outstanding under the Athyrium note purchase agreement, and (iii) a prepayment fee due under the Athyrium note purchase agreement of \$2,445,930. As a result, OptiNose AS recorded a loss on extinguishment of \$4,363,214.

Interest expense related to the Athyrium Senior Secured Notes was \$4,393,486 and \$6,083,849 for the years ended December 31, 2019 and 2018, respectively.

### **Note 13 – Subsequent Events**

On February 13, 2020, OptiNose US, Inc. issued an additional \$30,000,000 of Senior Secured Notes, increasing the outstanding Pharmakon Senior Secured Notes balance to \$110,000,000. Refer to Note 12 for further details on the Pharmakon Senior Secured Notes.

Additionally, the COVID-19 pandemic has caused business and economic disruption, and the duration and impact of that disruption is uncertain at this time. As the Optinose AS license revenues are driven by the performance of the licensed assets and the availability of funding to the licensees to continue to develop and commercialize those assets, the COVID-19 pandemic has the potential to impact Optinose AS operations into the foreseeable future. The Company's position as of December 31, 2019, however, was not impacted by the pandemic, including the carrying value of assets and liabilities on the Company's balance sheet, and loss for the year ended December 31, 2019. The Company does not believe that the COVID-19 pandemic has impacted the Company's ability to operate as a going concern.

### **Note 14 – Going Concern**

During 2020, OptiNose AS expects to continue to explore the out-licensing of its product candidates as well as continue early research and development efforts for new products. Additionally, the Company is focused on the on-going management of its existing intellectual property portfolio and product license agreements. The Board of Directors is aware that it will need to rely on additional licensing revenues, collection of receivables from its affiliates, and/or equity or debt financing in order to continue its operations. As of December 31, 2019, OptiNose AS had approximately US \$5.0 million in cash and US \$0.1 million in receivables from affiliated companies. As collection is deemed probable, no allowance for doubtful accounts was recorded as of December 31, 2019. Further, OptiNose, Inc. has issued a letter of support confirming its intent to continue the operations of OptiNose AS for at least the next eighteen months. The Board has a positive view on the Company's progress and the likelihood that future license revenues will be realized from its products, including the XHANCE product that is marketed for sale in the United States. As a result, the Board confirms that the assumption of going concern is valid in their opinion, and that the financial statements for 2019 have been prepared accordingly.



Statsautoriserte revisorer  
Ernst & Young AS

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Medlemmer av Den norske revisorforening

## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Optinose AS

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Optinose AS, which comprise the balance sheet as at 31 December 2019, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

#### Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards 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 ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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.

#### Responsibilities of management for the financial statements

The Board of Directors and General Manager (management) is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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, 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) 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 in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment 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



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- 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 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 content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

## Report on other legal and regulatory requirements

### Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 23 June 2020  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Tommy Romskaug  
State Authorised Public Accountant (Norway)

Penneo Dokumentnøkkel: POP8G-C2PIS-GGSXN-AW6ZE-C18MA-FVYWS



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## Tommy Romskaug

Oppdragsansvarlig partner

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## Tommy Romskaug

Statsautorisert revisor

Serienummer: 9578-5992-4-2914925

IP: 37.200.xxx.xxx

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Brønnøysundregistrene

Saksnummer  
BRØNØYSUND/REG/2017/131

Dato  
08.08.2017

Vår nr.  
100/170274

Utsatt  
08.08.2017

Saksnummer  
BRØNØYSUND/REG/2017/131

Utsatt nr.  
100/170274

OptiNose AS  
Gausvikveien 24  
0820 ØSTRO

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for OptiNose AS, org.nr. 982 483 131

Vi viser til deres brev av 30. januar 2017 der dere søker om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for OptiNose AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering OptiNose AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

### Bakgrunn

Fra deres søknad gjengis:

*OptiNose AS er et bioteknologiselskap med en patentert, proprietær teknologiplattform for utvikling av medikamenter og vaksiner. Selskapets første produkt er en behandling for migrene og ble lansert i USA i juni 2016. Selskapet opererer således innen et felt der det er påkrevet å innrette virksomheten globalt fra etableringstidspunktet - for det første med tanke på produktene selskapet skal utvikle (legemidler), men også i øvrige sammenhenger som eksterne tjenesteleverandører og akademiske samarbeidsparter, personell, investorer, offentlige tilskudd (EU) og industriellesamarbeidsparter og -lisenstakere.*

*OptiNose AS er heleiet av morselskapet OptiNose Inc. All kommunikasjon til eneaksjonæren foregår på engelsk.*

*Selskapet har ett godkjent produkt i salg i markedet. En typisk parallell forretningsmodell for små bioteknologiselskaper er å generere inntekter gjennom å lisensiere ut teknologi, der større industrielle aktører kjøper rettigheter til å benytte selskapets teknologi og/eller produkter.*

*OptiNose AS har foreløpig inngått én slik lisensavtale, med Avanir Pharmaceuticals Ltd/Otsuka, et internasjonalt konsern innen farmasi. Fremtidige lisensavtaler vil med rimelighet 100 % sannsynlighet også være med utenlandske aktøren.*

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Skattedirektoratets vurdering

Etter regnskapslovens § 4 tredje ledd skal årsregnskapet og årsberetningen være på norsk. Departementet kan ved enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.

I Ottsopp nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

*Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er heleid av et utenlandsk selskap, og at eierkretsen er begrenset. Videre er det vektlagt at selskapet opererer innen en internasjonal bransje og at det antas at ingen mulige brukere av årsregnskapet blir negativt påvirket av at regnskapet kun utarbeides på engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.