

**Vivostat A/S**  
**Borupvang 2, 3450 Allerød**

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**Annual report**

**2015/16**

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**Company reg. no. 10 03 33 65**

The annual report have been submitted and approved by the general meeting on the 25 August 2016.

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**Tyge Korsgaard**  
Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, British English terminology has been used.

- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

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## **Management's report**

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The board of directors and the managing director have today presented the annual report of Vivostat A/S for the financial year 1 May 2015 to 30 April 2016.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 30 April 2016 and of the company's results of its activities in the financial year 1 May 2015 to 30 April 2016.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Allerød, 5 August 2016

### **Managing Director**

Sven Lange

### **Board of directors**

Tyge Korsgaard  
Chairman

Sven Lange

John Riis Mortensen

## **The independent auditor's reports**

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### **To the shareholders of Vivostat A/S**

#### **Report on the annual accounts**

We have audited the annual accounts of Vivostat A/S for the financial year 1 May 2015 to 30 April 2016, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

#### **The management's responsibility for the annual accounts**

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore, the management is responsible for such internal control considered necessary in order to prepare annual accounts that are free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the annual accounts based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of annual accounts that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The audit has not resulted in any qualification.

## **The independent auditor's reports**

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### **Opinion**

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 30 April 2016 and of the results of the company's operations for the financial year 1 May 2015 to 30 April 2016 in accordance with the Danish Financial Statements Act.

### **Statement on the management's review**

Pursuant to the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the performed audit of the annual accounts. On this basis, it is our opinion that the information provided in the management's review is consistent with the annual accounts.

Risskov, 5 August 2016

### **Martinsen Aarhus**

State Authorised Public Accountants  
Company reg. no. 16 17 04 45

Søren Anthon Pedersen  
State Authorised Public Accountant

## **Company data**

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### **The company**

Vivostat A/S  
Borupvang 2  
3450 Allerød

Company reg. no.    10 03 33 65  
Financial year:     1 May - 30 April

### **Board of directors**

Tyge Korsgaard, Chairman  
Sven Lange  
John Riis Mortensen

### **Managing Director**

Sven Lange

### **Auditors**

Martinsen Aarhus  
Statsautoriseret Revisionsaktieselskab  
Voldbjergvej 16, 2. sal  
8240 Risskov

## **Management's review**

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### **The principal activities of the company**

The company's main activities are to develop, produce and market the Vivostat System. Vivostat was established in 2000 and manufactures equipment and articles to stop bleeding and promote healing processes associated with hospitalizations. The products are used in a variety of contexts, among others during surgery and for the treatment of chronic wounds. "The raw material" is the patient's own blood from which a fibrin sealant or a platelet enriched fibrin product is recovered during a centrifugation process utilizing proprietary technology. 98% of revenue comes from exports to mainly Europe.

### **Development in activities and financial matters**

The income statement of the Company for 2015/16 shows a result of DKK 5.156. The year is considered to be satisfactory, due to a positive development in turnover and earnings.

The company has for some years been challenged by reduced sales in the main markets in southern Europe, but is now successful in creating a positive sales development, while earnings have increased significantly. New products were launched to increase the application opportunities in particular related to the co-delivery range of devices thus adding to the uniqueness of Vivostat's application system.

Major activities during the year included a Management Buy Out in December 2015, where the management consisting of Chairman Tyge Korsgaard and CEO Sven Lange together with the private investor Vecata Invest A/S acquired Vivostat A/S.

Management expects continued growth in revenue and earnings for the coming year.

### **Events subsequent to the financial year**

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.



## **Accounting policies used**

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The annual report for Vivostat A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

## **The profit and loss account**

### **Gross profit**

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

### **Staff costs**

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

### **Depreciation, amortisation and writedown**

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

### **Net financials**

Net financials include interest income, interest expenses, and realised and unrealised capital gains and losses on financial assets and liabilities. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

## **Accounting policies used**

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### The balance sheet

#### **Intangible fixed assets**

##### **Development projects, patents, and licences**

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical utilisation, sufficient resources, and a potential, future market can be demonstrated, and provided that it is the intention to produce, market, or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Capitalised development costs are measured at cost with deduction of accrued amortisation or at the recoverable value, if this is lower.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 5 years and does not exceed 8 years.

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 7 years.

Profit and loss from the realisation of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

#### **Goodwill**

Purchased goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated financial life which is 5 years.

#### **Tangible fixed assets**

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of expected residual value after the end of the useful life of the asset.

## **Accounting policies used**

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The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Technical plants and machinery	5 years
Other plants, operating assets, fixtures and furniture	3 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises costs for materials, components, deliveries from sub suppliers, direct wages expenditure, and indirect production costs.

### **Inventories**

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

### **Debtors**

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

### **Accrued income and deferred expenses**

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

## **Accounting policies used**

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### **Available funds**

Available funds comprise cash at bank and in hand.

### **Equity - dividend**

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting.

### **Corporate tax and deferred tax**

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

### **Liabilities**

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

## Profit and loss account 1 May - 30 April

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All amounts in DKK.

<u>Note</u>	<u>2015/16</u>	<u>2014/15</u>
<b>Gross profit</b>	<b>13.412.455</b>	<b>11.121.617</b>
1 Staff costs	-10.402.129	-9.236.933
<b>Results before interest and depreciations</b>	<b>3.010.326</b>	<b>1.884.684</b>
Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-2.723.460	-2.335.358
<b>Operating profit</b>	<b>286.866</b>	<b>-450.674</b>
Other financial income	0	38.470
Other financial costs	-281.710	-73.953
Tax on ordinary results	0	0
<b>Results for the year</b>	<b>5.156</b>	<b>-486.157</b>
 <b>Proposed distribution of the results:</b>		
Dividend for the financial year	1.000.000	0
Allocated from results brought forward	-994.844	-486.157
<b>Distribution in total</b>	<b>5.156</b>	<b>-486.157</b>

**Balance sheet 30 April**

All amounts in DKK.

<b>Assets</b>	<u>2016</u>	<u>2015</u>
<u>Note</u>		
<b>Fixed assets</b>		
2 Completed development projects, including concessions, patents, trade marks and similar rights arising from development projects	5.866.716	8.054.176
Intangible fixed assets in total	<u>5.866.716</u>	<u>8.054.176</u>
3 Production plant and machinery	279.474	287.807
4 Other plants, operating assets, and fixtures and furniture	965.811	1.383.468
Tangible fixed assets in total	<u>1.245.285</u>	<u>1.671.275</u>
5 Deposits	239.068	250.243
Financial fixed assets in total	<u>239.068</u>	<u>250.243</u>
<b>Fixed assets in total</b>	<b><u>7.351.069</u></b>	<b><u>9.975.694</u></b>
<b>Current assets</b>		
Raw materials and consumables	3.944.179	3.455.212
Manufactured goods and trade goods	2.041.435	1.327.721
Inventories in total	<u>5.985.614</u>	<u>4.782.933</u>
Trade debtors	3.390.000	4.746.395
Deferred tax assets	2.200.000	2.200.000
Other debtors	219.052	467.338
Accrued income and deferred expenses	225.503	296.565
Debtors in total	<u>6.034.555</u>	<u>7.710.298</u>
Cash funds	681.164	6.055.688
<b>Current assets in total</b>	<b><u>12.701.333</u></b>	<b><u>18.548.919</u></b>
<b>Assets in total</b>	<b><u>20.052.402</u></b>	<b><u>28.524.613</u></b>

**Balance sheet 30 April**

All amounts in DKK.

<b>Equity and liabilities</b>	<u>2016</u>	<u>2015</u>
<u>Note</u>		
<b>Equity</b>		
6 Contributed capital	2.000.000	22.745.091
7 Share premium account	0	7.091.854
8 Results brought forward	13.502.670	-3.639.431
9 Proposed dividend for the financial year	1.000.000	0
<b>Equity in total</b>	<b><u>16.502.670</u></b>	<b><u>26.197.514</u></b>
<b>Liabilities</b>		
Trade creditors	2.203.411	923.320
Other debts	1.346.321	1.403.779
Short-term liabilities in total	<u>3.549.732</u>	<u>2.327.099</u>
<b>Liabilities in total</b>	<b><u>3.549.732</u></b>	<b><u>2.327.099</u></b>
<b>Equity and liabilities in total</b>	<b><u>20.052.402</u></b>	<b><u>28.524.613</u></b>

**10 Mortgage and securities****11 Contingencies**

## Notes

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All amounts in DKK.

	<u>2015/16</u>	<u>2014/15</u>
<b>1. Staff costs</b>		
Salaries and wages	9.471.028	8.372.815
Pension costs	248.906	157.293
Other costs for social security	65.786	65.053
Other staff costs	<u>616.409</u>	<u>641.772</u>
	<b><u>10.402.129</u></b>	<b><u>9.236.933</u></b>
<b>2. Completed development projects, including concessions, patents, trade marks and similar rights arising from development projects</b>		
Cost 1 May 2015	<u>19.266.285</u>	<u>19.266.285</u>
<b>Cost 30 April 2016</b>	<b><u>19.266.285</u></b>	<b><u>19.266.285</u></b>
Amortisation and writedown 1 May 2015	-11.212.109	-9.024.649
Amortisation for the year	<u>-2.187.460</u>	<u>-2.187.460</u>
<b>Amortisation and writedown 30 April 2016</b>	<b><u>-13.399.569</u></b>	<b><u>-11.212.109</u></b>
<b>Book value 30 April 2016</b>	<b><u>5.866.716</u></b>	<b><u>8.054.176</u></b>
<b>3. Production plant and machinery</b>		
Cost 1 May 2015	<u>1.321.715</u>	<u>1.321.715</u>
<b>Cost 30 April 2016</b>	<b><u>1.321.715</u></b>	<b><u>1.321.715</u></b>
Depreciation and writedown 1 May 2015	-1.033.910	-970.245
Depreciation for the year	<u>-8.331</u>	<u>-63.663</u>
<b>Depreciation and writedown 30 April 2016</b>	<b><u>-1.042.241</u></b>	<b><u>-1.033.908</u></b>
<b>Book value 30 April 2016</b>	<b><u>279.474</u></b>	<b><u>287.807</u></b>



## Notes

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All amounts in DKK.

	<u>30/4 2016</u>	<u>30/4 2015</u>
<b>4. Other plants, operating assets, and fixtures and furniture</b>		
Cost 1 May 2015	8.789.565	8.789.565
Additions during the year	<u>110.010</u>	<u>0</u>
<b>Cost 30 April 2016</b>	<b><u>8.899.575</u></b>	<b><u>8.789.565</u></b>
Depreciation and writedown 1 May 2015	-7.406.097	-7.321.865
Depreciation for the year	<u>-527.667</u>	<u>-84.232</u>
<b>Depreciation and writedown 30 April 2016</b>	<b><u>-7.933.764</u></b>	<b><u>-7.406.097</u></b>
<b>Book value 30 April 2016</b>	<b><u>965.811</u></b>	<b><u>1.383.468</u></b>
<b>5. Deposits</b>		
Cost 1 May 2015	<u>239.068</u>	<u>250.243</u>
<b>Cost 30 April 2016</b>	<b><u>239.068</u></b>	<b><u>250.243</u></b>
<b>Book value 30 April 2016</b>	<b><u>239.068</u></b>	<b><u>250.243</u></b>
<b>6. Contributed capital</b>		
Contributed capital 1 May 2015	22.745.091	22.745.091
Cash capital reduction	<u>-20.745.091</u>	<u>0</u>
	<b><u>2.000.000</u></b>	<b><u>22.745.091</u></b>
<p>The share capital consists of 22.745.09 shares, each with a nominal value of DKK 1. No share hold particular rights.</p>		
<b>7. Share premium account</b>		
Share premium account 1 May 2015	7.091.854	7.091.854
Share premium account for the year	<u>-7.091.854</u>	<u>0</u>
	<b><u>0</u></b>	<b><u>7.091.854</u></b>

## Notes

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All amounts in DKK.

	<u>30/4 2016</u>	<u>30/4 2015</u>
<b>8. Results brought forward</b>		
Results brought forward 1 May 2015	-3.639.431	0
Profit or loss for the year brought forward	-994.844	-486.157
Share premium account transferred	4.091.854	-3.153.274
Cash capital reduction	20.745.091	0
Dividends	-6.700.000	0
	<u><b>13.502.670</b></u>	<u><b>-3.639.431</b></u>
<b>9. Proposed dividend for the financial year</b>		
Dividend for the financial year	<u>1.000.000</u>	<u>0</u>
	<u><b>1.000.000</b></u>	<u><b>0</b></u>

## 10. Mortgage and securities

For bank debts, DKK 4.000.000, the company has provided security in company assets

## 11. Contingencies

None.