

# Annual report 2017

**Company reg. no. 31 26 15 70**

**Reapplix ApS**

**Blokken 45**

**3460 Birkerød**

The annual report have been submitted and approved by the general meeting on 29 May 2018.

---

Rasmus Lundquist  
Chairman of the meeting

Notes to users of the English version of this document:

- 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 %.

## Contents

---

|                                                     | <b><u>Page</u></b> |
|-----------------------------------------------------|--------------------|
| <b>Reports</b>                                      |                    |
| Management's report                                 | 1                  |
| Independent auditor's report                        | 2                  |
| <b>Management's review</b>                          |                    |
| Company data                                        | 5                  |
| Financial highlights                                | 6                  |
| Management's review                                 | 7                  |
| <b>Annual accounts 1 January - 31 December 2017</b> |                    |
| Accounting policies used                            | 8                  |
| Profit and loss account                             | 12                 |
| Balance sheet                                       | 13                 |
| Notes                                               | 15                 |

## Management's report

---

The board of directors and the executive board have today presented the annual report of Reapplix ApS for the financial year 1 January to 31 December 2017.

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 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

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.

Birkerød, 29 May 2018

### Executive board

Graeme Brookes

Niels Erik Holm

Rasmus Lundquist

### Board of directors

Peter Gerhard Friedrich Hentschel Ulf Lennart Rosén

Rasmus Lundquist

Søren Møller

Tonni Büllow-Nielsen

# Independent auditor's report

---

## To the shareholders of Reapplix ApS

### Opinion

We have audited the annual accounts of Reapplix ApS for the financial year 1 January to 31 December 2017, 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.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January to 31 December 2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

### The management's responsibilities 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. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

## Independent auditor's report

---

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

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

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

## **Independent auditor's report**

---

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Glostrup, 29 May 2018

PKF Munkebo Vindelev  
State Authorised Public Accountants  
Company reg. no. 14 11 92 99

Kasper Vindelev  
State Authorised Public Accountant  
MNE-nr. 29389

## Company data

---

### **The company**

Reapplix ApS  
Blokken 45  
3460 Birkerød

Company reg. no. 31 26 15 70  
Established: 4 February 2008  
Domicile: Rudersdal Kommune  
Financial year: 1 January - 31 December  
10th financial year

### **Board of directors**

Peter Gerhard Friedrich Hentschel  
Ulf Lennart Rosén  
Rasmus Lundquist  
Søren Møller  
Tonni Büllow-Nielsen

### **Executive board**

Graeme Brookes  
Niels Erik Holm  
Rasmus Lundquist

### **Auditors**

PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab  
Hovedvejen 56  
2600 Glostrup

### **Bankers**

Danske Andelskassers Bank A/S, Otto Frellos Plads 4, 6800 Varde

## Financial highlights

---

| DKK in thousands.                     | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Profit and loss account:</b>       |             |             |             |             |             |
| Net turnover                          | 71          | 116         | 48          | 0           | 0           |
| Gross loss                            | -3.585      | -2.665      | -12.155     | -8.989      | -4.003      |
| Results from operating activities     | -18.787     | -18.050     | -17.179     | -11.637     | -4.843      |
| Net financials                        | -1.661      | -373        | 1           | 72          | 72          |
| Results for the year                  | -17.235     | -14.989     | -13.717     | -11.565     | -3.608      |
| <b>Balance sheet:</b>                 |             |             |             |             |             |
| Balance sheet sum                     | 7.696       | 23.849      | 17.544      | 10.441      | 18.629      |
| Equity                                | -16.909     | 325         | 15.299      | 8.916       | 17.675      |
| <b>Employees:</b>                     |             |             |             |             |             |
| Average number of full time employees | 5           | 4           | 4           | 4           | 4           |



## Management's review

---

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

Like previous years, the company's principal activities has consisted of development laboratory and cell culture facility, which is used for the development and documentation of a wound healing product based on blood proteins.

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

The net turnover for the year is DKK 71.000 against DKK 116.000 last year. The results from ordinary activities after tax are DKK -17.235.000 against DKK -14.989.000 last year. The management consider the full year results to be in line with expectations.

The company has lost more than 50 % of the share capital, and is therefore subject to the rules of the Danish Companies Act § 119 (Selskabsloven). The management expects to reestablish the lost capital through future capital increases (short term) and earnings (long term).

### **The expected development**

2018 will be a year of continuing evolution. In December 2017 the large scale LeucoPatch differentiation randomized controlled trial was completed. The purpose of the trial was to confirm LeucoPatch efficacy & cost benefit. The results of the trial are expected to be published during 2018 and this will trigger a shift in focus from development towards commercialization. A major focus point in 2018 will be to establish a US commercial platform to support a full commercial launch when reimbursement is in place, which is anticipated to be during 2019. In parallel a European commercial platform will be established. The management expects another loss in 2018.

### **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**

---

The annual report for Reapplix ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

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

### **Recognition and measurement in general**

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

### **THE PROFIT AND LOSS ACCOUNT**

#### **Net turnover**

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.

## **Accounting policies used**

---

### **Other operating income**

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

### **Other external costs**

Other external costs comprise costs for sales, administration and premises.

### **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.

### **Other operating costs**

Other operating costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including losses on disposal of intangible and tangible fixed assets.

### **Research and development costs**

Research and development costs comprise costs, salaries and wages and depreciation directly or indirectly attributable to the consolidated research and development activities.

### **Net financials**

Net financials comprise interest. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

### **Tax of the results for the year**

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

## **THE BALANCE SHEET**

### **Intangible fixed assets**

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

Development costs and internally generated rights are recognised in the profit and loss account as costs in the acquisition year.

## Accounting policies used

---

Gain and loss from the sale 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. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

### **Tangible fixed assets**

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

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:

|                                                               |                    |
|---------------------------------------------------------------|--------------------|
|                                                               | <i>Useful life</i> |
| <i>Other plants, operating assets, fixtures and furniture</i> | <i>5 years</i>     |

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.

### **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.

### **Available funds**

Available funds comprise cash at bank.

### **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.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

## **Accounting policies used**

---

### **Liabilities**

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

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

## Profit and loss account 1 January - 31 December

---

All amounts in DKK.

| <u>Note</u>                                                  | <u>2017</u>        | <u>2016</u>        |
|--------------------------------------------------------------|--------------------|--------------------|
| <b>Gross results</b>                                         | <b>-3.585.462</b>  | <b>-2.664.765</b>  |
| 1 Staff costs                                                | -6.941.112         | -6.002.456         |
| Depreciation and writedown relating to tangible fixed assets | 0                  | -5.360             |
| Research and development costs                               | -8.260.470         | -9.377.175         |
| <b>Results before net financials</b>                         | <b>-18.787.044</b> | <b>-18.049.756</b> |
| Other financial costs                                        | -1.661.036         | -373.237           |
| <b>Results before tax</b>                                    | <b>-20.448.080</b> | <b>-18.422.993</b> |
| 2 Tax on ordinary results                                    | 3.213.417          | 3.434.104          |
| <b>Results for the year</b>                                  | <b>-17.234.663</b> | <b>-14.988.889</b> |
| <b>Proposed distribution of the results:</b>                 |                    |                    |
| Allocated from results brought forward                       | -17.234.663        | -14.988.889        |
| <b>Distribution in total</b>                                 | <b>-17.234.663</b> | <b>-14.988.889</b> |

## Balance sheet 31 December

---

All amounts in DKK.

| <b>Assets</b>         |                                                                              |                  |                   |
|-----------------------|------------------------------------------------------------------------------|------------------|-------------------|
| <u>Note</u>           |                                                                              | <u>2017</u>      | <u>2016</u>       |
| <b>Fixed assets</b>   |                                                                              |                  |                   |
| 3                     | Development projects in progress and prepayments for intangible fixed assets | 0                | 0                 |
|                       | Intangible fixed assets in total                                             | 0                | 0                 |
| 4                     | Other plants, operating assets, and fixtures and furniture                   | 0                | 0                 |
|                       | Tangible fixed assets in total                                               | 0                | 0                 |
|                       | Deposits                                                                     | 114.040          | 110.777           |
|                       | Financial fixed assets in total                                              | 114.040          | 110.777           |
|                       | <b>Fixed assets in total</b>                                                 | <b>114.040</b>   | <b>110.777</b>    |
| <b>Current assets</b> |                                                                              |                  |                   |
|                       | Trade debtors                                                                | 0                | 16.750            |
| 5                     | Receivable corporate tax                                                     | 3.213.417        | 3.434.104         |
|                       | Other debtors                                                                | 989.807          | 2.222.749         |
|                       | Debtors in total                                                             | 4.203.224        | 5.673.603         |
|                       | Available funds                                                              | 3.378.370        | 18.064.341        |
|                       | <b>Current assets in total</b>                                               | <b>7.581.594</b> | <b>23.737.944</b> |
|                       | <b>Assets in total</b>                                                       | <b>7.695.634</b> | <b>23.848.721</b> |

## Balance sheet 31 December

---

All amounts in DKK.

| <b>Equity and liabilities</b> |                                        |                           |                          |
|-------------------------------|----------------------------------------|---------------------------|--------------------------|
| <u>Note</u>                   |                                        | <u>2017</u>               | <u>2016</u>              |
| <b>Equity</b>                 |                                        |                           |                          |
| 6                             | Share capital                          | 1.389.210                 | 1.389.210                |
| 7                             | Results brought forward                | <u>-18.298.384</u>        | <u>-1.063.721</u>        |
|                               | <b>Equity in total</b>                 | <b><u>-16.909.174</u></b> | <b><u>325.489</u></b>    |
| <br><b>Liabilities</b>        |                                        |                           |                          |
|                               | Bank debts                             | 22.878                    | 22.002                   |
|                               | Trade creditors                        | 653.171                   | 1.634.232                |
| 8                             | Convertible loans                      | 21.999.176                | 20.369.607               |
|                               | Other debts                            | <u>1.929.583</u>          | <u>1.497.391</u>         |
|                               | Short-term liabilities in total        | <u>24.604.808</u>         | <u>23.523.232</u>        |
|                               | <b>Liabilities in total</b>            | <b><u>24.604.808</u></b>  | <b><u>23.523.232</u></b> |
|                               | <b>Equity and liabilities in total</b> | <b><u>7.695.634</u></b>   | <b><u>23.848.721</u></b> |
| <br><b>9 Contingencies</b>    |                                        |                           |                          |



## Notes

---

All amounts in DKK.

|                                                                                        | <u>2017</u>              | <u>2016</u>              |
|----------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>1. Staff costs</b>                                                                  |                          |                          |
| Salaries and wages                                                                     | 6.725.079                | 5.867.276                |
| Other costs for social security                                                        | 34.310                   | 29.387                   |
| Other staff costs                                                                      | 181.723                  | 105.793                  |
|                                                                                        | <u><b>6.941.112</b></u>  | <u><b>6.002.456</b></u>  |
| <br>                                                                                   |                          |                          |
| Average number of employees                                                            | <u>5</u>                 | <u>4</u>                 |
| <br>                                                                                   |                          |                          |
| <b>2. Tax on ordinary results</b>                                                      |                          |                          |
| Tax of the results for the year                                                        | <u>-3.213.417</u>        | <u>-3.434.104</u>        |
|                                                                                        | <u><b>-3.213.417</b></u> | <u><b>-3.434.104</b></u> |
| <br>                                                                                   |                          |                          |
| <b>3. Development projects in progress and prepayments for intangible fixed assets</b> |                          |                          |
| Cost 1 January 2017                                                                    | <u>187.500</u>           | <u>187.500</u>           |
| <b>Cost 31 December 2017</b>                                                           | <u><b>187.500</b></u>    | <u><b>187.500</b></u>    |
| <br>                                                                                   |                          |                          |
| Amortisation and writedown 1 January 2017                                              | <u>-187.500</u>          | <u>-187.500</u>          |
| <b>Amortisation and writedown 31 December 2017</b>                                     | <u><b>-187.500</b></u>   | <u><b>-187.500</b></u>   |
| <br>                                                                                   |                          |                          |
| <b>Book value 31 December 2017</b>                                                     | <u><b>0</b></u>          | <u><b>0</b></u>          |
| <br>                                                                                   |                          |                          |
| <b>4. Other plants, operating assets, and fixtures and furniture</b>                   |                          |                          |
| Cost 1 January 2017                                                                    | <u>312.487</u>           | <u>312.487</u>           |
| <b>Cost 31 December 2017</b>                                                           | <u><b>312.487</b></u>    | <u><b>312.487</b></u>    |
| <br>                                                                                   |                          |                          |
| Depreciation and writedown 1 January 2017                                              | <u>-312.487</u>          | <u>-307.127</u>          |
| Depreciation for the year                                                              | <u>0</u>                 | <u>-5.360</u>            |
| <b>Depreciation and writedown 31 December 2017</b>                                     | <u><b>-312.487</b></u>   | <u><b>-312.487</b></u>   |
| <br>                                                                                   |                          |                          |
| <b>Book value 31 December 2017</b>                                                     | <u><b>0</b></u>          | <u><b>0</b></u>          |

## Notes

---

All amounts in DKK.

|                                                  | <u>31/12 2017</u>  | <u>31/12 2016</u>  |
|--------------------------------------------------|--------------------|--------------------|
| <b>5. Receivable corporate tax</b>               |                    |                    |
| Receivable corporate tax 1 January 2017          | 3.434.104          | 3.461.145          |
| Received corporate tax during the financial year | -3.434.104         | -3.461.145         |
| Calculated corporate tax for the present year    | <u>3.213.417</u>   | <u>3.434.104</u>   |
|                                                  | <b>3.213.417</b>   | <b>3.434.104</b>   |
| <br>                                             |                    |                    |
| <b>6. Share capital</b>                          |                    |                    |
| Share capital 1 January 2017                     | <u>1.389.210</u>   | <u>1.389.210</u>   |
|                                                  | <b>1.389.210</b>   | <b>1.389.210</b>   |
| <br>                                             |                    |                    |
| <b>7. Results brought forward</b>                |                    |                    |
| Results brought forward 1 January 2017           | -1.063.721         | 13.925.168         |
| Profit or loss for the year brought forward      | <u>-17.234.663</u> | <u>-14.988.889</u> |
|                                                  | <b>-18.298.384</b> | <b>-1.063.721</b>  |
| <br>                                             |                    |                    |
| <b>8. Convertible loans</b>                      |                    |                    |
| Convertible loans                                | <u>21.999.176</u>  | <u>20.369.607</u>  |
|                                                  | <b>21.999.176</b>  | <b>20.369.607</b>  |

The company has received convertible loans in the financial year 2016.

The convertible loans are at a interest rate of 8 %.

## 9. Contingencies

A deferred tax asset of tDKK 4.297 has not been recognized in the balance sheet, as it is uncertain, when it can be utilized in future earnings.