

Immudex ApS
Fruebjergvej 3
2100 København Ø
Business Registration No
31348854

**Annual report 01.07.2017
- 30.06.2018**

The Annual General Meeting adopted the annual report on 23.11.2018

Chairman of the General Meeting

Name: Søren Elmann Ingerslev

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Entity details

Entity

Immudex ApS
Fruebjergvej 3
2100 København Ø

Central Business Registration No (CVR): 31348854

Registered in: København

Financial year: 01.07.2017 - 30.06.2018

Board of Directors

Søren Elmann Ingerslev
Douglas Frank Sweet
Patrik Olof Dahlén

Executive Board

Helene Kähler Hjenner

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P.O. Box 1600
0900 Copenhagen C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Immudex ApS for the financial year 01.07.2017 - 30.06.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2018 and of the results of its operations for the financial year 01.07.2017 - 30.06.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 05.11.2018

Executive Board

Helene Kähler Hjenner

Board of Directors

Søren Elmann Ingerslev

Douglas Frank Sweet

Patrik Olof Dahlén

Independent auditor's extended review report

To the shareholders of Immudex ApS

Conclusion

We have performed an extended review of the financial statements of Immudex ApS for the financial year 01.07.2017 - 30.06.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2018 and of the results of its operations for the financial year 01.07.2017 - 30.06.2018 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements". We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

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

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

Independent auditor's extended review report

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 05.11.2018

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556

Søren Strandby

State Authorised Public Accountant

Identification No (MNE) mne24684

Management commentary

Primary activities

The main activities of Immudex is to provide MHC Dextramer® reagents and diagnostic kits for improved T cell monitoring to be used in research, clinical development and diagnostics.

Development in activities and finances

The Company has during the fiscal year had the following focus areas:

- i) Increase sales of RUO (research-use-only) reagents and IVD (in vitro diagnostic) reagents and kits
- ii) Expand the product portfolio of RUO Dextramers including launching the new and innovative dCODE™ Dextramer technology
- iii) Enter into collaborations with partners on the new dCODE™ Dextramer technology

The total sales of RUO and IVD reagents increased by 14 % relative to the previous fiscal year. About 50% of the sales were in North America, 45% in Europe and 5% in the rest of the world.

Immudex continued to invest significant resources in the development of new reagents and diagnostic kits, and used resources to maintain and protect existing patent portfolio. Immudex' marketing and sales resources were increased, as was immudex' production capacity to meet the increasing product portfolio and customer requests.

In March 2018, Immudex' expanded its product portfolio noticeable by launching new innovative product, the dCODE™ Dextramer product, which is an ideal supplement to the prevailing MHC Dextramer portfolio. The dCODE™ Dextramer is a new technology adding a DNA barcode to the MHC Dextramer reagent, allowing detection of antigen-specific T cells in cell samples by PCR followed by next generation sequencing. The dCODE™ Dextramer technology provides a new understanding of T-cell immunology in cancer, allergy, infectious and autoimmune disease.

The development of additional diagnostic kits, such as the Lyme Borreliosis disease diagnostic kit was further progressed.

The Company has realised a profit of DKK 1.2 million. The profit is considered satisfactory.

The Company's equity increased during the financial year by DKK 1.2 million, through a realised profit of DKK 1.2 million. Equity now amounts to DKK 14.9 million at 30.06.2018.

Outlook

In the next financial year, a continued increase in sales and marketing activities of RUO and IVD reagents is expected, in addition to the continued progress of the research and development portfolio.

Management commentary

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2017/18

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Gross profit		12.135.120	15.097.283
Staff costs	1	(9.625.091)	(10.669.945)
Depreciation, amortisation and impairment losses	2	<u>(191.599)</u>	<u>(48.036)</u>
Operating profit/loss		2.318.430	4.379.302
Other financial income	3	485.239	1.094.457
Impairment losses on financial assets		242.452	(4.281.397)
Other financial expenses	4	<u>(1.772.749)</u>	<u>(1.270.537)</u>
Profit/loss before tax		1.273.372	(78.175)
Tax on profit/loss for the year	5	<u>(49.812)</u>	<u>3.945.740</u>
Profit/loss for the year		<u>1.223.560</u>	<u>3.867.565</u>
Proposed distribution of profit/loss			
Retained earnings		<u>1.223.560</u>	<u>3.867.565</u>
		<u>1.223.560</u>	<u>3.867.565</u>

Balance sheet at 30.06.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Other fixtures and fittings, tools and equipment		1.130.651	635.340
Property, plant and equipment	6	1.130.651	635.340
Investments in group enterprises		0	0
Other receivables		260.108	241.190
Fixed asset investments	7	260.108	241.190
Fixed assets		1.390.759	876.530
Work in progress		6.852.970	6.714.056
Inventories		6.852.970	6.714.056
Trade receivables		3.032.458	2.962.498
Receivables from group enterprises		5.853.565	4.269.888
Deferred tax	8	3.987.936	3.945.740
Other receivables		483.486	616.174
Prepayments		55.522	55.522
Receivables		13.412.967	11.849.822
Cash	9	7.361.476	6.766.445
Current assets		27.627.413	25.330.323
Assets		29.018.172	26.206.853

Balance sheet at 30.06.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Contributed capital	10	536.124	536.124
Retained earnings		<u>14.400.470</u>	<u>13.176.910</u>
Equity		<u>14.936.594</u>	<u>13.713.034</u>
Trade payables		2.379.076	2.241.007
Payables to group enterprises		10.194.880	8.976.272
Other payables		<u>1.507.622</u>	<u>1.276.540</u>
Current liabilities other than provisions		<u>14.081.578</u>	<u>12.493.819</u>
Liabilities other than provisions		<u>14.081.578</u>	<u>12.493.819</u>
Equity and liabilities		<u>29.018.172</u>	<u>26.206.853</u>
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		

Statement of changes in equity for 2017/18

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	536.124	13.176.910	13.713.034
Profit/loss for the year	0	1.223.560	1.223.560
Equity end of year	536.124	14.400.470	14.936.594

Notes

	2017/18	2016/17
	DKK	DKK
1. Staff costs		
Wages and salaries	8.444.695	9.497.039
Pension costs	1.077.021	1.091.790
Other social security costs	103.375	81.116
	9.625.091	10.669.945
Average number of employees	15	12
	2017/18	2016/17
	DKK	DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	191.599	48.036
	191.599	48.036
	2017/18	2016/17
	DKK	DKK
3. Other financial income		
Financial income arising from group enterprises	438.858	1.093.391
Other interest income	46.381	0
Exchange rate adjustments	0	1.066
	485.239	1.094.457
	2017/18	2016/17
	DKK	DKK
4. Other financial expenses		
Financial expenses from group enterprises	1.126.601	998.508
Other interest expenses	25.315	0
Exchange rate adjustments	620.833	262.557
Other financial expenses	0	9.472
	1.772.749	1.270.537
	2017/18	2016/17
	DKK	DKK
5. Tax on profit/loss for the year		
Change in deferred tax	49.812	(3.945.740)
	49.812	(3.945.740)

Notes

	Other fixtures and fittings, tools and equipment DKK
	<u>DKK</u>
6. Property, plant and equipment	
Cost beginning of year	1.406.122
Additions	<u>686.910</u>
Cost end of year	<u>2.093.032</u>
Depreciation and impairment losses beginning of year	(770.782)
Depreciation for the year	<u>(191.599)</u>
Depreciation and impairment losses end of year	<u>(962.381)</u>
Carrying amount end of year	<u>1.130.651</u>

	Invest- ments in group enterprises DKK	Other receivables DKK
	<u>DKK</u>	<u>DKK</u>
7. Fixed asset investments		
Cost beginning of year	734.526	241.190
Additions	<u>0</u>	<u>18.918</u>
Cost end of year	<u>734.526</u>	<u>260.108</u>
Impairment losses beginning of year	(734.526)	0
Impairment losses end of year	<u>(734.526)</u>	<u>0</u>
Carrying amount end of year	<u>0</u>	<u>260.108</u>

	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK	Profit/loss DKK
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Investments in group enterprises comprise:					
Immudex USA	USA, Virginia	LLC	100,0	(4.323.054)	(551.710)

Notes

8. Deferred tax

Management has chosen not to capitalise tax assets related to tax loss before joint taxation due to uncertainty about utilisation of the Company's tax assets. Deferred tax asset of DKK 3,988 thousand which can be used in the joint taxation with the Parent has been recognised in the financial statements. The Company has uncapitalised deferred tax of DKK 4,633 thousand concerning the Danish income prior to joint taxation. Moreover, Immudex US LLC has deferred taxes regarding tax loss carryforwards.

9. Cash

Cash includes DKK 301,460 which has been deposited in a bank guarantee cover account as security for debt recognised under current liabilities other than provisions.

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
10. Contributed capital			
Shares	<u>536.124</u>	1	<u>536.124</u>
	<u>536.124</u>		<u>536.124</u>

11. Unrecognised rental and lease commitments

The Company's rental agreement has a rental period with expiry 5 October 2019. As of this date it can be terminated with a six months' notice. The rental commitment constitutes DKK 891 thousand.

12. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Viggo Harboe 2006 Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore secondarily liable for income taxes etc for the jointly taxed entities, which is limited to the equity interest by which the entity participates in the Group, as well as secondarily liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Accounting policies

Impairment of financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Accounting policies

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises bank deposits.

Other financial liabilities

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