
Macure Pharma ApS

Hejrevej 39, DK-2400 Copenhagen NV

Annual Report for 1 January - 31 December 2019

CVR No 35 23 47 48

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
22/6 2020

Mads Renlef Henningsen
Chairman of the General
Meeting



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Management's Statement

The Executive Board has today considered and adopted the Annual Report of Macure Pharma ApS for the financial year 1 January - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and of the results of the Company operations for 2019.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 22 June 2020

Executive Board

Mads Renlef Henningsen
CEO

Lars Mark Poulsen
Executive Officer

Independent Auditor's Report

To the Shareholder of Macure Pharma ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Macure Pharma ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's Report

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement 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 fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 22 June 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild

State Authorized Public Accountant

mne33262

Company Information

The Company

Macure Pharma ApS
Hejrevej 39
DK-2400 Copenhagen NV

CVR No: 35 23 47 48
Financial period: 1 January - 31 December
Incorporated: 1 May 2013
Financial year: 7th financial year
Municipality of reg. office: Copenhagen

Executive Board

Mads Renlef Henningsen
Lars Mark Poulsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Gross profit/loss		16.325.244	10.257.349
Staff expenses	3	-4.157.960	-3.070.141
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-145.937	-220.104
Profit/loss before financial income and expenses		12.021.347	6.967.104
Financial expenses	4	-205.295	-100.250
Profit/loss before tax		11.816.052	6.866.854
Tax on profit/loss for the year	5	-2.628.339	-1.531.431
Net profit/loss for the year		9.187.713	5.335.423

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	9.000.000	5.500.000
Retained earnings	187.713	-164.577
	9.187.713	5.335.423

Balance Sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Acquired other similar rights		1.308.513	1.266.873
Intangible assets	6	1.308.513	1.266.873
Deposits		120.500	116.000
Fixed asset investments		120.500	116.000
Fixed assets		1.429.013	1.382.873
Inventories		19.827.622	16.451.029
Trade receivables		19.174.221	10.393.101
Other receivables		0	1.133.693
Corporation tax receivable from group enterprises		0	1.321.145
Prepayments		160.165	0
Receivables		19.334.386	12.847.939
Cash at bank and in hand		3.455.055	3.260.254
Currents assets		42.617.063	32.559.222
Assets		44.046.076	33.942.095

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		80.000	80.000
Retained earnings		5.114.393	4.926.680
Proposed dividend for the year		9.000.000	5.500.000
Equity		14.194.393	10.506.680
Provision for deferred tax		21.046	57.267
Provisions		21.046	57.267
Other payables		133.435	0
Long-term debt	7	133.435	0
Trade payables		16.411.426	13.641.923
Payables to group enterprises		8.473.400	9.115.404
Payables to owners and Management		15.847	30.836
Payables to group enterprises relating to corporation tax		2.664.560	0
Other payables	7	2.131.969	589.985
Short-term debt		29.697.202	23.378.148
Debt		29.830.637	23.378.148
Liabilities and equity		44.046.076	33.942.095
Subsequent events	1		
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Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	80.000	4.926.680	5.500.000	10.506.680
Ordinary dividend paid	0	0	-5.500.000	-5.500.000
Net profit/loss for the year	0	187.713	9.000.000	9.187.713
Equity at 31 December	80.000	5.114.393	9.000.000	14.194.393

Notes to the Financial Statements

1 Subsequent events

The consequences of Covid-19, where governments around the world have decided to "close down" countries, will have a major impact on the world economy. Management considers the impact of Covid-19 as an event arising after the balance sheet date (December 31, 2019), and therefore constitutes a non-regulatory event for the Company.

It is estimated that Covid-19 will have a limited effect on the Company's business in the medium and long term, as the products that are handled are for the pharmaceutical industry which are not immediately considered to be severely affected.

At this point in time, it is not possible to determine the exact magnitude of the impact from Covid-19.

2 Key activities

The company's purpose is trading within the pharmaceutical industry.

3 Staff expenses

	2019 DKK	2018 DKK
Wages and salaries	3.558.242	2.739.140
Pensions	478.554	288.578
Other social security expenses	40.514	37.407
Other staff expenses	80.650	5.016
	4.157.960	3.070.141
Average number of employees	6	5

4 Financial expenses

Interest paid to group enterprises	173.935	76.421
Other financial expenses	31.360	23.829
	205.295	100.250

Notes to the Financial Statements

	2019 <u>DKK</u>	2018 <u>DKK</u>
5 Tax on profit/loss for the year		
Current tax for the year	2.664.560	1.428.855
Deferred tax for the year	-36.221	102.576
	<u>2.628.339</u>	<u>1.531.431</u>
 6 Intangible assets		
		<u>Acquired other similar rights DKK</u>
Cost at 1 January		1.772.636
Additions for the year		410.911
Disposals for the year		-223.334
Cost at 31 December		<u>1.960.213</u>
Impairment losses and amortisation at 1 January		505.763
Amortisation for the year		162.088
Impairment and amortisation of sold assets for the year		-16.151
Impairment losses and amortisation at 31 December		<u>651.700</u>
Carrying amount at 31 December		<u>1.308.513</u>
Amortised over		<u>10 years</u>

Notes to the Financial Statements

7 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2019</u> DKK	<u>2018</u> DKK
Other payables		
Between 1 and 5 years	133.435	0
Long-term part	<u>133.435</u>	<u>0</u>
Other short-term payables	2.131.969	589.985
	<u>2.265.404</u>	<u>589.985</u>

8 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	<u>305.343</u>	<u>240.000</u>
	<u>305.343</u>	<u>240.000</u>

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Nest Egg ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

There are no other security and contingent liabilities at 31 December 2019.

Notes to the Financial Statements

9 Accounting Policies

The Annual Report of Macure Pharma ApS for 2019 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2019 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

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

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

9 Accounting Policies (continued)

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets.

Notes to the Financial Statements

9 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with companies wholly owned by the parent company. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 10 years.

Property, plant and equipment

Assets costing less than DKK 50,000 are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Fixed asset investments

Fixed asset investments consist of deposits.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable

Notes to the Financial Statements

9 Accounting Policies (continued)

value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Notes to the Financial Statements

9 Accounting Policies (continued)

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.