
Stemform A/S

c/o Aleris Hamlet, Gyngemose Parkvej 74, 1., DK-
2860 Søborg

Annual Report for 1 January - 31 December 2019

CVR No 35 85 28 08

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
1 /5 2020

Peter Bo Selvig
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Stemform A/S 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.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Søborg, 1 May 2020

Executive Board

Stig-Frederik Trojahn Kølle
CEO

Peter Bo Selvig
Executive Officer

Board of Directors

Christian Nissen Riisberg
Chairman

Peter Bo Selvig

Bo Jønsson

Anders Christian Wolf Kølle

Nis Isak Alstrup

Stig-Frederik Trojahn Kølle

The Independent Practitioner's Report

To the Shareholders of Stemform A/S

Conclusion

We have performed an extended review of the Financial Statements of Stemform A/S 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 are prepared in accordance with the Danish Financial Statements Act.

Based on the work performed, 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 operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Practitioner's responsibilities for the extended review 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 rules and requirements. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's responsibility 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.

Practitioner'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 in respect of our conclusion on the Financial Statements and, moreover, that we perform supplementary procedures specifically required to obtain additional assurance in respect of our conclusion.

An extended review consists of making inquiries, primarily of Management and others within the enterprise, as appropriate, and applying analytical procedures and the supplementary procedures specifically required as well as assessing the evidence obtained.

The Independent Practitioner's Report

An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the Financial Statements.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Hellerup, 1 May 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Thomas Baunkjær Andersen
State Authorised Public Accountant
mne35483

Annika Søndergaard Nielsen
State Authorised Public Accountant
mne45835

Company Information

The Company

Stemform A/S
c/o Aleris Hamlet
Gyngemose Parkvej 74, 1.
DK-2860 Søborg

CVR No: 35 85 28 08
Financial period: 1 January - 31 December
Incorporated: 2 May 2014
Financial year: 6th financial year
Municipality of reg. office: Gladsaxe

Board of Directors

Christian Nissen Riisberg, Chairman
Peter Bo Selvig
Bo Jønsson
Anders Christian Wolf Kølle
Nis Isak Alstrup
Stig-Frederik Trojahn Kølle

Executive Board

Stig-Frederik Trojahn Kølle
Peter Bo Selvig

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Management's Review

Key activities

The company's objective is to operate business related to plastic surgery.

Development in the year

The income statement of the Company for 2019 shows a loss of DKK 4,083,120, and at 31 December 2019 the balance sheet of the Company shows equity of DKK 5,546,109.

Subsequent events

After the balance sheet date, the company has carried out a capital increase of TDKK 9,468.

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 arisen after the balance sheet date (December 31, 2019), and therefore constitutes a non-regulatory event for the company.

The Covid-19 virus has impacted the company negatively as the planned commercialization of the company's treatment technology has been postponed until second half of 2020. However, it will not influence the company's liquidity position materially in 2020, and we continue to see a positive outlook for the company, its technology, and development efforts beyond 2020.

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

Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Gross profit/loss		-2.061.686	-1.538.840
Staff expenses	2	-2.397.568	-591.558
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-1.541.064	-896.917
Profit/loss before financial income and expenses		-6.000.318	-3.027.315
Financial expenses		-56.840	-75.592
Profit/loss before tax		-6.057.158	-3.102.907
Tax on profit/loss for the year	4	1.974.038	713.103
Net profit/loss for the year		-4.083.120	-2.389.804

Distribution of profit

Proposed distribution of profit

Retained earnings		-4.083.120	-2.389.804
		-4.083.120	-2.389.804

Balance Sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Acquired patents		1.082.284	890.492
Goodwill		0	0
Development projects in progress		0	600.000
Intangible assets	5	1.082.284	1.490.492
Other fixtures and fittings, tools and equipment		2.150.912	2.806.343
Leasehold improvements		94.245	189.042
Property, plant and equipment	6	2.245.157	2.995.385
Deposits		27.542	27.542
Fixed asset investments		27.542	27.542
Fixed assets		3.354.983	4.513.419
Other receivables		82.717	803.400
Corporation tax		2.687.141	713.103
Receivables		2.769.858	1.516.503
Cash at bank and in hand		1.475.060	2.691.403
Currents assets		4.244.918	4.207.906
Assets		7.599.901	8.721.325

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		525.965	514.653
Share premium account		0	4.354.635
Retained earnings		5.020.144	1.395.753
Equity	7	5.546.109	6.265.041
Lease obligations		167.571	822.237
Other payables		87.930	0
Long-term debt	8	255.501	822.237
Lease obligations	8	654.666	630.373
Trade payables		511.709	126.915
Other payables	8	321.202	232.406
Deferred income		310.714	644.353
Short-term debt		1.798.291	1.634.047
Debt		2.053.792	2.456.284
Liabilities and equity		7.599.901	8.721.325
Subsequent events	1		
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Statement of Changes in Equity

	Share capital	Share premium	Retained	Total
	<u>DKK</u>	<u>account</u>	<u>earnings</u>	<u>DKK</u>
	DKK	DKK	DKK	DKK
Equity at 1 January	514.653	4.354.635	1.395.753	6.265.041
Cash capital increase	11.312	3.352.876	0	3.364.188
Net profit/loss for the year	0	0	-4.083.120	-4.083.120
Transfer from share premium account	0	-7.707.511	7.707.511	0
Equity at 31 December	<u>525.965</u>	<u>0</u>	<u>5.020.144</u>	<u>5.546.109</u>

Notes to the Financial Statements

1 Subsequent events

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After the balance sheet date, the company has carried out a capital increase of TDKK 9,468.

	2019 DKK	2018 DKK
2 Staff expenses		
Wages and salaries	2.193.515	1.099.695
Pensions	183.854	50.400
Other staff expenses	20.199	21.859
	2.397.568	1.171.954
Refunds	0	-580.396
	2.397.568	591.558
Average number of employees	4	3

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	125.893	99.617
Depreciation of property, plant and equipment	1.063.742	1.045.871
Impairment of intangible assets	600.000	0
Gain and loss on disposal	-248.571	-248.571
	1.541.064	896.917

Notes to the Financial Statements

	2019 <u>DKK</u>	2018 <u>DKK</u>
4 Tax on profit/loss for the year		
Current tax for the year	-1.081.705	-713.103
Adjustment of tax concerning previous years	-892.333	0
	<u>-1.974.038</u>	<u>-713.103</u>

5 Intangible assets

	Acquired pa- tents <u>DKK</u>	Goodwill <u>DKK</u>	Development projects in progress <u>DKK</u>
Cost at 1 January	1.085.765	66.333	600.000
Additions for the year	317.685	0	0
Cost at 31 December	<u>1.403.450</u>	<u>66.333</u>	<u>600.000</u>
Impairment losses and amortisation at 1 January	195.273	66.333	0
Impairment losses for the year	0	0	600.000
Amortisation for the year	125.893	0	0
Impairment losses and amortisation at 31 December	<u>321.166</u>	<u>66.333</u>	<u>600.000</u>
Carrying amount at 31 December	<u>1.082.284</u>	<u>0</u>	<u>0</u>
Amortised over	<u>10 years</u>	<u>5 years</u>	

Notes to the Financial Statements

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	4.773.090	473.986
Additions for the year	<u>313.514</u>	<u>0</u>
Cost at 31 December	<u>5.086.604</u>	<u>473.986</u>
Impairment losses and depreciation at 1 January	1.966.747	284.944
Depreciation for the year	<u>968.945</u>	<u>94.797</u>
Impairment losses and depreciation at 31 December	<u>2.935.692</u>	<u>379.741</u>
Carrying amount at 31 December	<u>2.150.912</u>	<u>94.245</u>
Depreciated over	<u>5 years</u>	<u>5 years</u>
Including assets under finance leases amounting to	<u>1.125.000</u>	<u>0</u>

7 Equity

The share capital consists of 525,965 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2019	2018	2017	2016	2015
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 January	514.653	222.547	220.447	150.883	93.750
Capital increase	<u>11.312</u>	<u>292.106</u>	<u>2.100</u>	<u>69.564</u>	<u>57.133</u>
Share capital at 31 December	<u>525.965</u>	<u>514.653</u>	<u>222.547</u>	<u>220.447</u>	<u>150.883</u>

Notes to the Financial Statements

8 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:

	2019 <u>DKK</u>	2018 <u>DKK</u>
Lease obligations		
Between 1 and 5 years	167.571	822.237
Long-term part	<u>167.571</u>	<u>822.237</u>
Within 1 year	<u>654.666</u>	<u>630.373</u>
	<u>822.237</u>	<u>1.452.610</u>
Other payables		
Between 1 and 5 years	87.930	0
Long-term part	<u>87.930</u>	<u>0</u>
Other short-term payables	<u>321.202</u>	<u>232.406</u>
	<u>409.132</u>	<u>232.406</u>

9 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	<u>79.407</u>	<u>133.458</u>
	<u>79.407</u>	<u>133.458</u>

Notes to the Financial Statements

10 Accounting Policies

The Annual Report of Stemform A/S 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

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other 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.

Notes to the Financial Statements

10 Accounting Policies (continued)

Translation policies

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.

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 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, other operating income, expenses for raw materials and consumables and other external expenses.

Notes to the Financial Statements

10 Accounting Policies (continued)

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 and property, plant and equipment.

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.

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

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.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Notes to the Financial Statements

10 Accounting Policies (continued)

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	5	years
Leasehold improvements	5	years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment 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.

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.

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 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.

Notes to the Financial Statements

10 Accounting Policies (continued)

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.

Financial debts

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

Deferred income

Prepayments recognized as deferred income is made up by a profit on a sale of sale and lease back agreement and deferred government grants.