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# ***StemMedical A/S***

Gyngemose Parkvej 50, DK-2860 Søborg

## **Annual Report for 1 January - 31 December 2020**

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CVR No 35 85 28 08

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
16/4 2021

Peter Bo Selvig  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of StemMedical A/S for the financial year 1 January - 31 December 2020.

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 2020 of the Company and of the results of the Company operations for 2020.

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, 16 April 2021

## Executive Board

Stig-Frederik Trojahn Kølle  
CEO

Peter Bo Selvig  
Executive Officer

## Board of Directors

Stig Løkke Pedersen  
Chairman

Christian Nissen Riisberg  
Deputy Chairman

Nis Isak Alstrup

Christina Molt Wengel

Stig-Frederik Trojahn Kølle

Anders Christian Wolf Kølle

# The Independent Practitioner's Report

To the Shareholders of StemMedical A/S

## Conclusion

We have performed an extended review of the Financial Statements of StemMedical A/S for the financial year 1 January - 31 December 2020, 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 2020 and of the results of the Company operations for the financial year 1 January - 31 December 2020 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.

## The Independent Practitioner's Report

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.

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, 16 April 2021

### **PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Thomas Baunkjær Andersen  
statsautoriseret revisor  
mne35483

Annika Søndergaard Nielsen  
statsautoriseret revisor  
mne45835

## Company Information

### The Company

StemMedical A/S  
Gyngemose Parkvej 50  
DK-2860 Søborg

CVR No: 35 85 28 08  
Financial period: 1 January - 31 December  
Incorporated: 2 May 2014  
Financial year: 7th financial year  
Municipality of reg. office: Gladsaxe

### Board of Directors

Stig Løkke Pedersen, Chairman  
Christian Nissen Riisberg  
Nis Isak Alstrup  
Christina Molt Wengel  
Stig-Frederik Trojahn Kølle  
Anders Christian Wolf 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 2020 shows a loss of DKK 7,736,566, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 29,606,487.

## **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December

	Note	2020 DKK	2019 DKK
<b>Gross profit/loss</b>		<b>-3,792,953</b>	<b>-2,061,686</b>
Staff expenses	1	-3,719,213	-2,397,568
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-1,108,127	-1,541,064
<b>Profit/loss before financial income and expenses</b>		<b>-8,620,293</b>	<b>-6,000,318</b>
Financial expenses		-92,496	-56,840
<b>Profit/loss before tax</b>		<b>-8,712,789</b>	<b>-6,057,158</b>
Tax on profit/loss for the year	3	976,223	1,974,038
<b>Net profit/loss for the year</b>		<b>-7,736,566</b>	<b>-4,083,120</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings		-7,736,566	-4,083,120
		<b>-7,736,566</b>	<b>-4,083,120</b>



# Balance Sheet 31 December

## Assets

	Note	2020 DKK	2019 DKK
Acquired patents		1,212,400	1,082,284
Goodwill		0	0
Development projects in progress		0	0
<b>Intangible assets</b>	4	<b>1,212,400</b>	<b>1,082,284</b>
Other fixtures and fittings, tools and equipment		1,960,787	2,150,912
Leasehold improvements		44,099	94,245
<b>Property, plant and equipment</b>	5	<b>2,004,886</b>	<b>2,245,157</b>
Deposits		95,342	27,542
<b>Fixed asset investments</b>		<b>95,342</b>	<b>27,542</b>
<b>Fixed assets</b>		<b>3,312,628</b>	<b>3,354,983</b>
<b>Inventories</b>		<b>269,723</b>	<b>0</b>
Other receivables		528,221	82,717
Corporation tax		976,223	2,687,141
<b>Receivables</b>		<b>1,504,444</b>	<b>2,769,858</b>
<b>Cash at bank and in hand</b>		<b>26,061,865</b>	<b>1,475,060</b>
<b>Currents assets</b>		<b>27,836,032</b>	<b>4,244,918</b>
<b>Assets</b>		<b>31,148,660</b>	<b>7,599,901</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital	6	595,290	525,965
Retained earnings		29,011,197	5,020,144
<b>Equity</b>		<b>29,606,487</b>	<b>5,546,109</b>
Lease obligations		0	167,571
Other payables		0	87,930
<b>Long-term debt</b>	7	<b>0</b>	<b>255,501</b>
Lease obligations	7	167,571	654,666
Trade payables		577,597	511,709
Other payables	7	734,862	321,202
Deferred income		62,143	310,714
<b>Short-term debt</b>		<b>1,542,173</b>	<b>1,798,291</b>
<b>Debt</b>		<b>1,542,173</b>	<b>2,053,792</b>
<b>Liabilities and equity</b>		<b>31,148,660</b>	<b>7,599,901</b>
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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	525,965	0	5,020,144	5,546,109
Cash capital increase	69,325	31,727,619	0	31,796,944
Net profit/loss for the year	0	0	-7,736,566	-7,736,566
Transfer from share premium account	0	-31,727,619	31,727,619	0
<b>Equity at 31 December</b>	<b><u>595,290</u></b>	<b><u>0</u></b>	<b><u>29,011,197</u></b>	<b><u>29,606,487</u></b>

## Notes to the Financial Statements

	2020	2019
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	3,327,903	2,193,515
Pensions	364,014	183,854
Other staff expenses	27,296	20,199
	<u>3,719,213</u>	<u>2,397,568</u>
<b>Average number of employees</b>	<u>5</u>	<u>4</u>
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	152,362	125,893
Depreciation of property, plant and equipment	1,204,336	1,063,742
Impairment of intangible assets	0	600,000
Gain and loss on disposal	-248,571	-248,571
	<u>1,108,127</u>	<u>1,541,064</u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	-976,223	-1,081,705
Adjustment of tax concerning previous years	0	-892,333
	<u>-976,223</u>	<u>-1,974,038</u>

## Notes to the Financial Statements

### 4 Intangible assets

	Acquired pa- tents	Goodwill	Development projects in progress
	DKK	DKK	DKK
Cost at 1 January	1,403,450	66,333	600,000
Additions for the year	282,478	0	0
Cost at 31 December	<u>1,685,928</u>	<u>66,333</u>	<u>600,000</u>
Impairment losses and amortisation at 1 January	321,166	66,333	600,000
Amortisation for the year	152,362	0	0
Impairment losses and amortisation at 31 December	<u>473,528</u>	<u>66,333</u>	<u>600,000</u>
<b>Carrying amount at 31 December</b>	<b><u>1,212,400</u></b>	<b><u>0</u></b>	<b><u>0</u></b>
Amortised over	<u>10 years</u>	<u>5 years</u>	

### 5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	5,086,604	473,986
Additions for the year	917,811	46,254
Cost at 31 December	<u>6,004,415</u>	<u>520,240</u>
Impairment losses and depreciation at 1 January	2,935,692	379,741
Depreciation for the year	1,107,936	96,400
Impairment losses and depreciation at 31 December	<u>4,043,628</u>	<u>476,141</u>
<b>Carrying amount at 31 December</b>	<b><u>1,960,787</u></b>	<b><u>44,099</u></b>
Depreciated over	<u>5 years</u>	<u>5 years</u>
Including assets under finance leases amounting to	<u>625,000</u>	<u>0</u>

# Notes to the Financial Statements

## 6 Equity

The share capital consists of 595,290 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2020	2019	2018	2017	2016
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 January	525,965	514,653	222,547	220,447	150,883
Capital increase	69,325	11,312	292,106	2,100	69,564
<b>Share capital at 31 December</b>	<b>595,290</b>	<b>525,965</b>	<b>514,653</b>	<b>222,547</b>	<b>220,447</b>

## 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:

	2020	2019
	DKK	DKK
<b>Lease obligations</b>		
Between 1 and 5 years	0	167,571
Long-term part	0	167,571
Within 1 year	167,571	654,666
	<b>167,571</b>	<b>822,237</b>
<b>Other payables</b>		
Between 1 and 5 years	0	87,930
Long-term part	0	87,930
Other short-term payables	734,862	321,202
	<b>734,862</b>	<b>409,132</b>

## Notes to the Financial Statements

	<u>2020</u> DKK	<u>2019</u> DKK
<b>8 Contingent assets, liabilities and other financial obligations</b>		

### Contingent assets

The Company has a basis for calculating of deferred tax amounting TDKK 6.399. The nominal value of this amounts to 22% in total TDKK 1.408. Management has chosen not to recognise the deferred tax asset due to uncertainty about the Company's ability to use the deferred tax asset, as it can be attributed primarily to tax losses carried forward.

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	<u>127,428</u>	<u>79,407</u>
	<u><b>127,428</b></u>	<u><b>79,407</b></u>

# Notes to the Financial Statements

## 9 Accounting Policies

The Annual Report of StemMedical A/S for 2020 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 2020 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

## 9 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

## 9 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.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

### 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.

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

### 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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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.

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

The cost of raw materials and consumables equals landed cost.

# Notes to the Financial Statements

## 9 Accounting Policies (continued)

### 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.

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.