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# ***NMD Pharma ApS***

Åbogade 15, DK-8200 Aarhus N

## **Annual Report for 1 January - 31 December 2017**

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CVR No 36 89 90 69

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
28/5 2018

Søren S. Skjærbæk  
Chairman



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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of NMD Pharma ApS for the financial year 1 January - 31 December 2017.

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 2017 of the Company and of the results of the Company operations for 2017.

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

Aarhus, 28 May 2018

## Executive Board

Thomas Holm Pedersen

## Board of Directors

Patrick Volkert Jozef Johannes  
Vink  
Chairman

Anja Ulrike DR Harmeier

Lucas Antoine de Breed

Christian Ellebæk Elling

Morten Døssing

# Independent Auditor's Report

To the Shareholders of NMD 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 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of NMD Pharma ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet 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.

## 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 audit 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 audit, 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 Financial 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.

# Independent Auditor's Report

## **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.

## **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.

## Independent Auditor's Report

- 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.

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.

Aarhus, 28 May 2018

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Peter Ulrik Faurschou

State Authorised Public Accountant

mne34502

## Company Information

### **The Company**

NMD Pharma ApS  
Åbogade 15  
DK-8200 Aarhus N

CVR No: 36 89 90 69  
Financial period: 1 January - 31 December  
Municipality of reg. office: Aarhus N

### **Board of Directors**

Patrick Volkert Jozef Johannes Vink, Chairman  
Anja Ulrike DR Harmeier  
Lucas Antoine de Breed  
Christian Ellebæk Elling  
Morten Døssing

### **Executive Board**

Thomas Holm Pedersen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Nobelparken  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus C

## **Management's Review**

The Financial Statements of NMD Pharma ApS for 2017 have 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 Annual Report has been prepared under the same accounting policies as last year.

### **Key activities**

The Company's key activity is to develop novel treatments that strengthen neuromuscular transmission and muscle function in patients with neuromuscular disorders.

### **Development in the year**

The income statement of the Company for 2017 shows a loss of DKK 21,883,435, and at 31 December 2017 the balance sheet of the Company shows negative equity of DKK 8,733,578.

### **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date, except for the introduction of new capital in the form of a cash capital increase of DKK 66.948k and conversion of convertible debt instruments of DKK 26,091k.



## Income Statement 1 January - 31 December

	Note	2017 DKK	2016 DKK
<b>Gross profit/loss</b>		<b>-17,857,762</b>	<b>-6,371,806</b>
Staff expenses	1	-7,762,405	-2,156,086
<b>Profit/loss before financial income and expenses</b>		<b>-25,620,167</b>	<b>-8,527,892</b>
Financial income		51,230	0
Financial expenses		-1,234,852	-46,827
<b>Profit/loss before tax</b>		<b>-26,803,789</b>	<b>-8,574,719</b>
Tax on profit/loss for the year	2	4,920,354	1,701,918
<b>Net profit/loss for the year</b>		<b>-21,883,435</b>	<b>-6,872,801</b>

## Distribution of profit

### Proposed distribution of profit

Retained earnings	-21,883,435	-6,872,801
	<b>-21,883,435</b>	<b>-6,872,801</b>

## Balance Sheet 31 December

	Note	2017 DKK	2016 DKK
<b>Assets</b>			
Other receivables		575,160	308,340
Corporation tax		4,920,354	1,701,918
Prepayments		86,137	86,137
<b>Receivables</b>		<b>5,581,651</b>	<b>2,096,395</b>
<b>Cash at bank and in hand</b>		<b>15,757,308</b>	<b>12,355,775</b>
<b>Currents assets</b>		<b>21,338,959</b>	<b>14,452,170</b>
<b>Assets</b>		<b>21,338,959</b>	<b>14,452,170</b>
<b>Liabilities and equity</b>			
Share capital		175,000	175,000
Retained earnings		-8,908,578	12,974,857
<b>Equity</b>	3	<b>-8,733,578</b>	<b>13,149,857</b>
Credit institutions		102,956	19,814
Convertible instruments of debt		25,640,036	0
Trade payables		2,570,658	838,626
Other payables		1,758,887	443,873
<b>Short-term debt</b>		<b>30,072,537</b>	<b>1,302,313</b>
<b>Debt</b>		<b>30,072,537</b>	<b>1,302,313</b>
<b>Liabilities and equity</b>		<b>21,338,959</b>	<b>14,452,170</b>
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# Notes to the Financial Statements

	2017 DKK	2016 DKK
<b>1 Staff expenses</b>		
Wages and salaries	7,282,894	2,115,757
Pensions	352,713	10,670
Other social security expenses	51,855	17,147
Other staff expenses	74,943	12,512
	<b>7,762,405</b>	<b>2,156,086</b>
 <b>Average number of employees</b>	 <b>13</b>	 <b>5</b>
 <b>2 Tax on profit/loss for the year</b>		
Current tax for the year	-4,920,354	-1,701,918
	<b>-4,920,354</b>	<b>-1,701,918</b>

# Notes to the Financial Statements

## 3 Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	175,000	12,974,857	13,149,857
Net profit/loss for the year	0	-21,883,435	-21,883,435
<b>Equity at 31 December</b>	<b>175,000</b>	<b>-8,908,578</b>	<b>-8,733,578</b>

The share capital is broken down as follow:

	Number	Nominal value
		DKK
A-shares	50,000	50,000
B-shares	125,000	125,000
		<b>175,000</b>

The share capital has developed as follows:

	2017	2016	2015
	DKK	DKK	DKK
Share capital at 1 January	175,000	50,000	0
Capital increase	0	125,000	50,000
Capital decrease	0	0	0
<b>Share capital at 31 December</b>	<b>175,000</b>	<b>175,000</b>	<b>50,000</b>

## 4 Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Rental obligations, laboratory equipment, minimum rest period (3 - 7 months)	123,702	288,638
Obligation to return leased equipment	111,600	111,600
Research agreement with AU	380,000	346,539

# Notes to the Financial Statements

## 5 Accounting Policies

The Annual Report of NMD Pharma ApS for 2017 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 2017 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.

### 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.

# Notes to the Financial Statements

## 5 Accounting Policies (continued)

### Income Statement

#### Other external expenses

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

Other external expenses also include research and development costs that do not qualify for capitalisation.

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

#### 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

#### 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.

# Notes to the Financial Statements

## 5 Accounting Policies (continued)

### 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.