

**METHYL DETECT APS**  
**NIELS JERNES VEJ 10, 9220 AALBORG ØST**  
**ANNUAL REPORT**  
**1. JANUAR - 31. DECEMBER 2018**

The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 14 June 2019

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Steen Palle

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## COMPANY DETAILS

<b>Company</b>	Methyl Detect ApS Niels Jernes Vej 10 9220 Aalborg Øst  CVR no.: 38 32 27 61 Established: 30 December 2016 Registered Office: Aalborg Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Steen Palle Petersen, Formand Lars-Ole Gerlach Lise Lotte Hansen
<b>Board of Executives</b>	Thomasz Kazimierz Wojdacz
<b>Auditor</b>	Deloitte Statsautoriseret Revisionspartnerselskab Østre Havnepromenade 26, 4. 9000 Aalborg
<b>Bank</b>	Jutlander Bank

## STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

*Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of Methyl Detect ApS for the year 1 January - 31 December 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 the Company's financial position at 31 December 2018 and of the results of the the Company's operations for the financial year 1 January - 31 December 2018.*

*The Management's Review includes in our opinion a fair presentation of the matters dealt with in the review.*

*We recommend the Annual Report be approved at the Annual General Meeting.*

Aalborg, den 14. juni 2019

Board of Executives

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Thomasz Kazimierz Wojdacz

Board of Directors

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Steen Palle Petersen  
Chairman

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Lars-Ole Gerlach

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Lise Lotte Hansen

## INDEPENDENT AUDITOR'S REPORT

### *To the Shareholders of Methyl Detect ApS*

#### **Opinion**

We have audited the Financial Statements of Methyl Detect ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company's at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

#### **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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### **Emphasis of matter**

Without prejudice to our conclusion, we shall refer to the disclosure in Note 6, Information on uncertainty with respect to recognition and measurement, where the uncertainty associated with the measurement of the company's development activities is mentioned.

#### **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.

#### **Auditor's Responsibility for 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 judgment and maintain professional skepticism throughout the audit. We also:

## INDEPENDENT AUDITOR'S REPORT

- *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.*

*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.*

### **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, we conclude that 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 of Management's Review.*

Aalborg, 14 June 2019

Deloitte Statsautoriseret Revisionspartnerselskab  
CVR no. 33963556

Peter Nørrevang  
State Authorised Public Accountant  
MNE no. mne11706

## MANAGEMENT'S REVIEW

### **Principal activities**

*The principal activities comprise to develop and commercialize methods and products for epigenetic research and diagnostics, as well as all companies that, according to the Board's discretion, are related.*

### **Development in activities and financial position**

*Methyl Detect ApS is a development company, and the result for the year is therefore as expected.*

*The company has lost the entire company capital. Management expects that the company's future operations will be Profitable, why company capital is expected to be re-established on future earnings.*

*The financing of operations in 2019 is secured through loan commitments paid in accordance with agreed milestones.*

*It is thus management's expectation that the necessary prerequisites for continued operation have been met.*

*The annual report is therefore prepared subject to continued operations.*

### **Significant events after the end of the financial year**

*No events have occurred after the end of the financial year of material importance for the company's financial position.*

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2018 DKK	2017 DKK
<b>GROSS PROFIT.....</b>		<b>36.810</b>	<b>58.076</b>
Staff costs.....	1	-349.648	-313.397
Depreciation, amortisation and impairment.....		-140.126	0
<b>OPERATING LOSS.....</b>		<b>-452.964</b>	<b>-255.321</b>
Other financial expenses.....		98	-346
<b>PROFIT BEFORE TAX.....</b>		<b>-452.866</b>	<b>-255.667</b>
Tax on profit/loss for the year.....	2	99.704	56.289
<b>PROFIT FOR THE YEAR.....</b>		<b>-353.162</b>	<b>-199.378</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Accumulated profit.....		-353.162	-199.378
<b>TOTAL.....</b>		<b>-353.162</b>	<b>-199.378</b>



**BALANCE SHEET AT 31 DECEMBER**

<b>ASSETS</b>	<b>Note</b>	<b>2018 DKK</b>	<b>2017 DKK</b>
Development projects completed.....		1.190.934	0
Development projects in progress and prepayments.....		0	713.331
<b>Intangible fixed assets</b> .....	<b>3</b>	<b>1.190.934</b>	<b>713.331</b>
<b>FIXED ASSETS</b> .....		<b>1.190.934</b>	<b>713.331</b>
Trade receivables.....		15.820	1.191
Other receivables.....		56.924	77.591
Corporation tax receivable.....		111.304	168.289
<b>Receivables</b> .....		<b>184.048</b>	<b>247.071</b>
Cash and cash equivalents.....		204.093	151.021
<b>CURRENT ASSETS</b> .....		<b>388.141</b>	<b>398.092</b>
<b>ASSETS</b> .....		<b>1.579.075</b>	<b>1.111.423</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital.....		50.000	50.000
Reserve for development costs.....		928.928	556.398
Retained profit.....		-1.482.659	-755.776
<b>EQUITY</b> .....	<b>4</b>	<b>-503.731</b>	<b>-149.378</b>
Provision for deferred tax.....		123.600	112.000
<b>PROVISION FOR LIABILITIES</b> .....		<b>123.600</b>	<b>112.000</b>
Other liabilities.....		1.822.782	1.010.978
<b>Long-term liabilities</b> .....	<b>5</b>	<b>1.822.782</b>	<b>1.010.978</b>
Trade payables.....		78.059	92.027
Other liabilities.....		58.365	45.796
<b>Current liabilities</b> .....		<b>136.424</b>	<b>137.823</b>
<b>LIABILITIES</b> .....		<b>1.959.206</b>	<b>1.148.801</b>
<b>EQUITY AND LIABILITIES</b> .....		<b>1.579.075</b>	<b>1.111.423</b>
Information on uncertainty with respect to recognition and measurement	6		

## NOTES

	2018 DKK	2017 DKK	Note
<b>Staff costs</b>			<b>1</b>
Average number of employees 1 (2017: 1)			
Wages and salaries.....	348.133	310.489	
Social security costs.....	1.515	1.262	
Other staff costs.....	0	1.646	
	<b>349.648</b>	<b>313.397</b>	
<b>Tax on profit/loss for the year</b>			<b>2</b>
Calculated tax on taxable income of the year.....	-111.304	-168.289	
Adjustment of deferred tax.....	11.600	112.000	
	<b>-99.704</b>	<b>-56.289</b>	
<b>Intangible fixed assets</b>			<b>3</b>
	Development projects completed	Development projects in progress and prepayments	
Cost at 1 January 2018.....	0	713.331	
Transfer.....	1.331.060	-1.331.060	
Additions.....	0	617.729	
<b>Cost at 31 December 2018.....</b>	<b>1.331.060</b>	<b>0</b>	
Depreciation for the year.....	140.126	0	
<b>Depreciation at 31 December 2018.....</b>	<b>140.126</b>	<b>0</b>	
<b>Carrying amount at 31 December 2018.....</b>	<b>1.190.934</b>	<b>0</b>	
Interest expenses recognised as part of cost of assets.....	137.782	0	

Methyl Detect has developed ready-to-use kits for detection of gene methylation.

The first version of the kits have launched in 2018, and the receipt of the products are in line with the expectations.

Management has high expectations for the product and has no indication of impairment in relative to the carrying amount.

## NOTES

	Note
Equity	4

	Share capital	Reserve for development costs	Retained profit	Total
Equity at 1 January 2018.....	50.000	556.398	-756.967	-150.569
Proposed distribution of profit.....			-353.162	-353.162
Transferred to reserve for development costs.....		372.530	-372.530	
Equity at 31 December 2018.....	50.000	928.928	-1.482.659	-503.731

Long-term liabilities				5
	1/1 2018 total liabilities	31/12 2018 total liabilities	Repayment next year	Debt outstanding after 5 years
Other liabilities.....	1.010.978	1.822.782	0	0
	1.010.978	1.822.782	0	0

Information on uncertainty with respect to recognition and measurement	6
Due to its special activity as a development company, it is a natural one uncertainty related to the measurement of the company's development activities.	

A total of development costs totaling t.DKK 1.191 have been capitalized and a deficit has been realized after tax of t.DKK 353. Equity amounted to t.DKK -504 at 31. December 2018.

## ACCOUNTING POLICIES

*The annual report of Methyl Detect ApS for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B.*

*The Annual Report is prepared consistently with the accounting principles used last year.*

### INCOME STATEMENT

#### **Net revenue**

*Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.*

#### **Other external expenses**

*Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.*

#### **Staff costs**

*Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.*

#### **Financial income and expenses in general**

*Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.*

#### **Tax on profit for the year**

*The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.*

### BALANCE SHEET

#### **Intangible fixed assets**

*Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.*

*Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.*

*Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.*

*Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.*

*Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.*

## ACCOUNTING POLICIES

### **Impairment of fixed assets**

*The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.*

*In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.*

*The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.*

### **Receivables**

*Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.*

### **Tax payable and deferred tax**

*Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.*

*Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.*

*Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.*

### **Liabilities**

*Accruals recognised as liabilities include payments received regarding income in subsequent years.*