

# **ACE BioSciences A/S**

Roskildevej 12 C, 3400 Hillerød  
CVR no. 25 61 67 15

## **Annual report for 2015**

This annual report has been adopted at the  
company's annual general meeting on

*5 May 2016*

Chairman of the meeting

  
Lars Terp  
Advokat



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**The company**

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ACE BioSciences A/S  
Roskildevej 12 C  
3400 Hillerød  
Tel.: 48 25 00 54  
Registered office: Hillerød  
CVR no.: 25 61 67 15

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**Board of Directors**

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Jens Fogh, chairman  
Claes Magnus Andersson  
Natallia Misuna  
Paolo Patri

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**Executive Board**

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CEO Paolo Patri

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**Auditors**

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KPMG  
Statsautoriseret Revisionspartnerselskab

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**Parent company**

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Zymenex Holding A/S, Roskildevej 12 C, 3400 Hillerød

**Statement of the Board of Directors and Executive Board on the annual report**

Board of Directors and Executive Board have on this day considered and adopted the annual report for the financial year 01.01.15 - 31.12.15 for ACE BioSciences A/S.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities, financial position and results.

We believe that the management's review gives a true and fair review of the matters dealt with in the review.

The annual report is submitted for adoption by the general meeting.


Hillerød, March 22, 2016


**Executive Board**

  
Paolo Patri  
CEO

**Board of Directors**

  
Jens Fogh  
Chairman

  
Paolo Patri

  
Claes Magnus Andersson

  
Natalia Misuna

**To the shareholder of ACE BioSciences A/S**

## **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of ACE BioSciences A/S for the financial year 01.01.15 - 31.12.15, which comprise the income statement, balance sheet, accounting policies and notes. The financial statements are prepared in accordance with Danish Financial Statements Act.

### **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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the company's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit has not resulted in any qualification.

### Opinion

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.15 and of the results of the company's operations for the financial year 01.01.15 - 31.12.15 in accordance with the Danish Financial Statements Act.

### STATEMENT ON THE MANAGEMENT'S REVIEW

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, March 22, 2016

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98



Lau Bent Baun

State Authorised Public Accountant



### **Main activities**

This year ACE BioSciences A/S' main activity has been enzyme development.

### **Project status**

In 2015, ACE BioSciences A/S focused research and development around the recombinant enzymes. Galaczym (rhGALC) for enzyme replacement therapy (ERT) for the lysosomal storage disease Krabbe Disease.

AGU (rhAGA) for enzyme replacement therapy (ERT) for Aspartylglucosaminuria (AGU), as monogenic, autosomal recessive metabolic disorder caused by mutations leading to N-aspartylglucosaminidase (AGA) deficiency and accumulation of undigested glycoasparagines in lysosomal vacuoles in CNS, in visceral organs and skin

Both project are is in pre-clinical development.

At the end of 2014 ACE BioSciences divested all rights and know-how concerning projects "Krabbe" and "AGU" to Chiesi Farmaceutici S.p.A.

Chiesi Farmaceutici S.p.A. has subcontracted certain development and ancillary activities related to the "Krabbe" project to ACE BioSciences A/S.

At the end of 2015, employees numbered 3.

### **Development in the company's financial activities and affairs**

The income statement for the period 01.01.15 - 31.12.15 showed a profit of DKK 414,117 against DKK 28,476 thousand for the period 01.01.14 - 31.12.14. The balance sheet showed equity of DKK 3,830,037.

Pharmaceutical development is in general an area with extensive risk. This includes delays in the development process, lack of effect of the product candidate in clinical trials or lack of approval from authorities in connection with production or marketing of the product candidate.



**Important events occurring after the end of the financial year**

After the end of the reporting year, no events have occurred that can change the company's financial position significantly.



Note	2015 DKK	2014 DKK '000
Research and development costs	-9.000.835	-6.860
<b>Gross result</b>	<b>-9.000.835</b>	<b>-6.860</b>
Administrative expenses	-3.197.347	-563
Other operating income	12.930.075	39.577
<b>Operating profit/loss</b>	<b>731.893</b>	<b>32.154</b>
Other financial income	7.406	0
<sup>1</sup> Other financial expenses	-376.023	-1.488
<b>Total net financials</b>	<b>-368.617</b>	<b>-1.488</b>
<b>Profit before tax</b>	<b>363.276</b>	<b>30.666</b>
<sup>2</sup> Tax on profit/loss for the year	50.841	-2.190
<b>Profit/loss for the year</b>	<b>414.117</b>	<b>28.476</b>
<b>Proposed appropriation account</b>		
Retained earnings	414.117	28.476
<b>Total</b>	<b>414.117</b>	<b>28.476</b>

<b>ASSETS</b>		31.12.15	31.12.14
Note		DKK	DKK '000
	Plant and machinery	826.330	0
<b>3</b>	<b>Total property, plant and equipment</b>	<b>826.330</b>	<b>0</b>
	<b>Total non-current assets</b>	<b>826.330</b>	<b>0</b>
	Receivables from group enterprises	1.416.632	39.573
	Receivable joint taxation contributions	176.027	208
	Other receivables	1.659.300	627
	Prepayments	0	15
	<b>Total receivables</b>	<b>3.251.959</b>	<b>40.423</b>
	<b>Cash</b>	<b>1.880.960</b>	<b>1.135</b>
	<b>Total current assets</b>	<b>5.132.919</b>	<b>41.558</b>
	<b>Total assets</b>	<b>5.959.249</b>	<b>41.558</b>

**EQUITY AND LIABILITIES**

Note	31.12.15 DKK	31.12.14 DKK '000
Share capital	500.000	500
Retained earnings	3.330.037	2.916
<b>4 Total equity</b>	<b>3.830.037</b>	<b>3.416</b>
Trade payables	544.980	457
Payables group enterprises	1.161.169	35.075
Income tax	67.321	2.190
Other payables	355.742	420
<b>Total short-term payables</b>	<b>2.129.212</b>	<b>38.142</b>
<b>Total payables</b>	<b>2.129.212</b>	<b>38.142</b>
<b>Total equity and liabilities</b>	<b>5.959.249</b>	<b>41.558</b>

<sup>5</sup> Contingent liabilities

<sup>6</sup> Ownership

**GENERAL**

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

The accounting policies have been applied consistently with previous years.

**Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the time at which the annual report is presented and proving or disproving matters arising on the balance sheet date.

**FOREIGN CURRENCY**

The annual report is presented in Danish kroner.

On initial recognition, transactions denominated in foreign currency are translated at the exchange rate applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rate applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or liability arose or was recognised in the latest annual report is recognised in the income statement under financial income or expenses. Non-current assets, inventories and other non-monetary assets acquired in foreign currency are translated using historical exchange rates.

**INCOME STATEMENT****Research and development costs.**

Research and development costs include cost related to research and development activities, including salaries and wages and other indirect cost.

Research and development cost, include ongoing cost of patent rights, recognized in the income statement as and when incurred.

**Administrative expenses**

Administrative expenses comprise expenses in connection with administrative employees, management, office premises, office expenses etc., including depreciation, amortisation and wages and salaries.

**Staff cost**

Staff cost consist of wages, salaries and other cost related to staff.

**Other operating income**

Other operating income includes reimbursement of expenses incurred for reaearch- and development expenses and administrative expenses.

**Depreciation**

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. The following useful lives and residual values are applied by the company:

	Useful life, year	Residual value, per cent
Plant and machinery	5	0

**Net financials**

Interest income and interest expenses, foreign currency translation adjustments as well as realised and unrealised capital gains and losses on securities are recognised under net financials.

**Tax**

The current and deferred taxes for the year are recognised in the income statement as taxes for the year with the portion attributable to the net profit or loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is taxed jointly with the Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

**BALANCE SHEET****Intangible assets**

Intangible assets are measured in the balance sheet at the lower of cost less accumulated amortisation and the recoverable amount.

Gains and losses from the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount on the date of disposal.

**Property, plant and equipment**

Property, plant and equipment are measured in the balance sheet at the lower of cost less accumulated depreciation and recoverable amount.

**Impairment of assets**

The carrying amount of non-current assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation/amortisation.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets. The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

### **Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined on the basis of an assessment of the individual receivables.

### **Prepayments**

Prepayments comprise costs incurred in respect of the next financial year.

### **Cash**

Cash consist of bank deposits and cash at bank and in hand.

### **Current and deferred taxes**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for taxes paid on account.

Joint taxation contributions payable and receivable are recognised as income tax in the balance sheet under receivables or payables.

Deferred tax liabilities and deferred tax assets are computed on the basis of all temporary differences between the carrying amount and tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting either the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of the management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

#### **Liabilities**

Current liabilities are measured at amortised cost, which usually corresponds to the nominal value of the liability.



	2015 DKK	2014 DKK '000
<b>1. Other financial expenses</b>		
Financial expenses for group enterprises	222.798	1.485
Interest expenses	103.743	6
Foreign exchange losses	49.482	-3
<b>Total</b>	<b>376.023</b>	<b>1.488</b>

**2. Taxes**

Tax on profit for the year	-107.890	2.190
Adjustment of tax in respect of previous years	57.049	0
<b>Total</b>	<b>-50.841</b>	<b>2.190</b>

**3. Property, plant and equipment**

Figures in DKK	Plant and machinery
Cost as at 31.12.14	114.785
Additions during the year	839.879
Cost as at 31.12.15	954.664
Depreciation and impairment losses as at 31.12.14	114.785
Depreciation during the year	13.549
Depreciation and impairment losses as at 31.12.15	128.334
Carrying amount as at 31.12.15	826.330

#### 4. Equity

Figures in DKK	Share capital	Retained earnings
<i>Statement of changes in equity for the period 01.01.14 - 31.12.14</i>		
Balance as at 31.12.13	500.000	-25.560.330
Proposed distribution of net profit	0	28.476.250
Balance as at 31.12.14	500.000	2.915.920

#### *Statement of changes in equity for the period 01.01.15 - 31.12.15*

Statement of changes in equity for the period as at 01.01.15	500.000	2.915.920
Proposed distribution of net profit	0	414.117
Statement of changes in equity for the period as at 31.12.15	500.000	3.330.037

There have been no changes in share capital during the four preceding financial years.

The share capital consists of:

	Quantity	Nominal value
Shares	500	1.000

#### 5. Contingent liabilities

The company is taxed jointly with the other danish companies in the group, and, as from the 2013 financial year, the company is liable for tax claims on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. As at the balance sheet date, the total liability amounts to DKK 0.

**6. Ownership**

Basis of influence

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Controlling influence:

Chiesi Farmaceutici S.p.A.

Parent Company

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ACE BioSciences A/S is included in the consolidated financial statements of the parent, Chiesi Farmaceutici S.p.A.