

Nordic Biotech Private Investors ApS

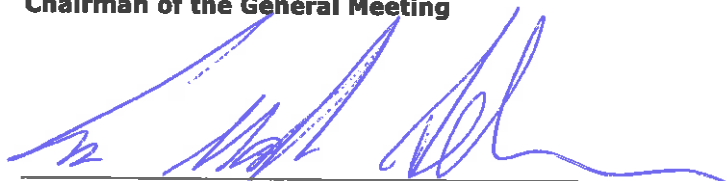
Østergade 24 A, 1. tv.
1100 København K
Business Registration No
26284384

Annual report 2018

The Annual General Meeting adopted the annual report on

27/5-2019

Chairman of the General Meeting



Name: Lars Møller Andersen

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Entity details

Entity

Nordic Biotech Private Investors ApS

Østergade 24 A, 1. tv.

1100 København K

Central Business Registration No (CVR): 26284384

Registered in: København

Financial year: 01.01.2018 - 31.12.2018

Executive Board

Florian Schönharting

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

Postboks 1600

0900 København C

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Nordic Biotech Private Investors ApS for the financial year 01.01.2018 - 31.12.2018.

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 Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 07.05.2019

Executive Board



Florian Schönharting

Independent auditor's report

To the shareholders of Nordic Biotech Private Investors ApS

Opinion

We have audited the financial statements of Nordic Biotech Private Investors ApS for the financial year 01.01.2018 - 31.12.2018, which comprise the 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.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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:

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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Independent auditor's report

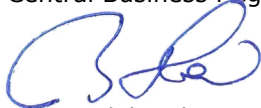
Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 07.05.2019

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No (CVR) 33963556



Bill Haudal Pedersen

State Authorised Public Accountant

Identification No (MNE) mne30131

Management commentary

Primary activities

Nordic Biotech Private Investors ApS was established on 28 September 2001 with the sole purpose of being a class A limited investor in Nordic Biotech K/S.

Nordic Biotech K/S is a venture capital company focusing on early stage investment, restructurings and spin-offs in the biotech industry, primarily in the Nordic area and secondarily in the rest of the EU. At present Nordic Biotech K/S has invested in Aditech Pharma AG, Rose Pharma A/S and Forward Pharma A/S.

Nordic Biotech K/S reported a loss for the period of DKK 366.5 million of which DKK 10.6 million represents Nordic Biotech Private Investors ApS' share.

Each of the parties undertakes to pay its pro-rata share of the unpaid committed capital when requested.

Development in activities and finances

The income statement for 2018 shows a loss of DKK 10.6 million against a profit of DKK 2.9 million last year, and is significantly impacted by the fair value adjustment of investments in other investment assets of negative DKK 10.6 million.

Uncertainty relating to recognition and measurement

Nordic Biotech Private Investors ApS measures the equity holding in Nordic Biotech K/S at fair value. The underlying investment in Nordic Biotech K/S is at an early stage and thereby associated with significant estimates.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2018

<u>Notes</u>	<u>2018</u> <u>DKK</u>	<u>2017</u> <u>DKK</u>
Gross profit/loss	(24,375)	47,493,597
Income from other fixed asset investments	(10,598,765)	(44,010,041)
Other financial income	(5,807)	16,665
Other financial expenses	(2,921)	(37,351)
Profit/loss before tax	(10,631,868)	3,462,870
Tax on profit/loss for the year	0	(532,836)
Profit/loss for the year	(10,631,868)	2,930,034
Proposed distribution of profit/loss		
Retained earnings	(10,631,868)	2,930,034
	(10,631,868)	2,930,034

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Other investments		1,669,678	12,268,443
Fixed asset investments		1,669,678	12,268,443
Fixed assets		1,669,678	12,268,443
Income tax receivable		0	710,449
Receivables		0	710,449
Cash		820,121	210,150
Current assets		820,121	920,599
Assets		2,489,799	13,189,042

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018 DKK</u>	<u>2017 DKK</u>
Contributed capital		4,587,589	4,587,589
Share premium		4,587,589	4,587,589
Retained earnings		<u>(6,702,880)</u>	<u>3,928,988</u>
Equity		<u>2,472,298</u>	<u>13,104,166</u>
Other payables		<u>17,501</u>	<u>84,876</u>
Current liabilities other than provisions		<u>17,501</u>	<u>84,876</u>
Liabilities other than provisions		<u>17,501</u>	<u>84,876</u>
Equity and liabilities		<u>2,489,799</u>	<u>13,189,042</u>
Staff costs	1		
Contingent liabilities	2		
Assets charged and collateral	3		

Statement of changes in equity for 2018

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	4,587,589	4,587,589	3,928,988	13,104,166
Profit/loss for the year	0	0	(10,631,868)	(10,631,868)
Equity end of year	4,587,589	4,587,589	(6,702,880)	2,472,298

Notes

	<u>2018</u>	<u>2017</u>
1. Staff costs		
Average number of employees	<u>0</u>	<u>0</u>

2. Contingent liabilities

There are no other guarantees or contingent liabilities of the Company.

3. Assets charged and collateral

There are no asset charged or collateral.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

Revenue

Revenue comprises carried interest from Nordic Biotech K/S.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Income from other fixed asset investments

Income from other fixed asset investments comprises fairvalue adjustment for the financial year of the Entity's investment assets in the form of securities and related financial liabilities.

Other financial income

Other financial income comprises interest income net capital or exchange gains on transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses and bank charges.

Accounting policies

Tax on profit/loss for the year

Under Section 19 of the Danish Capital Gains Tax Act (ABL § 19), Nordic Biotech Private Investors ApS has status as a tax-exempt investment company, as a result of which Danish investors are taxed on current price movements.

The Company is only liable to tax on dividends received from Danish companies, which are taxed at the rate of 15%. In addition, withholding tax may arise on income originating from other countries, which is charged to profit or loss, if no recovery is possible.

Balance sheet

Other investments

Other investments comprise an investment in Nordic Biotech K/S, which are measured at fair value at the balance sheet date in accordance with the Danish Financial Statements Act § 37. Fair value are estimated on the basis of the most recent reporting from the fund, which is considered best estimate of fair value. The value adjustment are recognized in the income statement.

Income tax payable or receivable

Current tax receivable comprise withholding tax from received dividends.

Cash

Cash comprises cash in bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.