PKF Munkebo Vindelev
Statsautoriseret Revisionsaktieselskab

PKF
Accountants &
business advisers

Annual report 2016

Company reg. no. 30 51 40 41

Gubra ApS

Hørsholm Kongevej 11 B

2970 Hørsholm

The annual report has been submitted and approved by the general meeting on 5 May 2017

Morten Lau Smith
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Gubra ApS for the financial year 1 January to 31 December 2016.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Hørsholm, 5 May 2017

Managing Director

Henrik Blou

Board of directors

Niels Vrang Chairman	Jacob Jelsing Vice-chaiman	Steffen Theodor Petersen

Independent auditor's report

To the shareholders of Gubra ApS

Opinion

We have audited the annual accounts of Gubra ApS for the financial year 1 January to 31 December 2016, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January to 31 December 2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company’s ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Glostrup, 5 May 2017

PKF Munkebo Vindelev
State Authorised Public Accountants
Company reg. no. 14 11 92 99

Kasper Vindelev
State Authorised Public Accountant

Company data

The company	Gubra ApS Hørsholm Kongevej 11 B 2970 Hørsholm	
	Company reg. no.	30 51 40 41
	Domicile:	Hørsholm
	Financial year:	1 January - 31 December 8th financial year
Board of directors	Niels Vrang, Chairman Jacob Jelsing, Vice-chaiman Steffen Theodor Petersen	
Managing Director	Henrik Blou	
Auditors	PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab Hovedvejen 56 2600 Glostrup	
Banks	Lægernes Bank, Dirch Passers Allé 56, 2600 Glostrup Sydbank, Jernbanevej 4, 2800 Kgs. Lyngby	

Management's review

The principal activities of the company

In the financial year the company's activity has consisted of research and delivery of services to the biotechnology and pharmaceutical industry.

Development in activities and financial matters

The gross profit for the year is DKK 52.656.000 against DKK 32.734.000 last year. The results from ordinary activities after tax are DKK 7.263.000 against DKK 2.954.000 last year. The management consider the results satisfactory.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Gubra ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Previous years' significant errors:
The company has in previous years not recognised revenue according to the progress of the production, as described in the companys accounting policies.

The company has in previous years not recognised financial leases as assets and liabilities. The financial leases have been handled as operating leases and lease payments have been recognised as expenses.

The errors are assessed to be significant and have thus affected the true and fair view of previous years' annual reports. This has led to the restatement of comparative figures.

Monetary influence 2015:
The correction of the errors has affected the result in 2015 negatively by DKK 1.908.171. The influence on equity on 31 December 2014 is positive with DKK 323.256. The influence on equity on 31 December 2015 is negative with DKK 1.584.915. The errors have affected the total assets on 31 December 2015 positively with DKK 5.264.261.

Monetary influence 2016:
The correction of the errors has affected the result in 2016 postively by DKK 1.695.000. The influence on equity on 31 December 2016 is postive with DKK 1.695.000. The errors have not affected the assets and the liabilities on 31 December 2016.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

THE PROFIT AND LOSS ACCOUNT

Gross profit

The gross profit comprises the net turnover, other operating income and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Contract work in progress concerning pre-clinical contract research services is recognised concurrently in the net turnover with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Direct costs include raw materials, consumables, external assistance etc. less discounts.

Other external costs comprise costs for sales, vehicles, premises, administration and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concern the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

THE BALANCE SHEET

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Foundation and brick	50 years
Buildings	23 years
Windows and doors	20 years
Roof construction	15 years
Technical installations	10 years
Other plants, operating assets, fixtures and furniture	5-10 years

Assets with a cost of less than t.DKK 13 per unit are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leasing contracts

At the first recognition in the balance sheet, leasing contracts concerning tangible fixed assets by which the company holds all essential risks and advantages attached to the proprietary right (financial leasing) are measured either at fair value or at the present value of the future leasing services, whichever value is lower. When calculating the present value, the internal interest rate of the leasing contract or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, financially leased assets are treated in the same way as other similar tangible assets.

The capitalised residual leasing liability is recognised in the balance sheet as a liability, and the interest part of the leasing contract is recognised in the profit and loss account over the term of the contract.

All other leasing contracts are considered operational leasing. Payments in connection with operational leasing and other rental agreements are recognised in the profit and loss account over the term of the contract. The company's total liabilities concerning operational leasing and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Work in progress for the account of others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual contract.

When the sales value of a contract can not be determined reliably, the selling price is measured solely at the costs incurred, or at the net realisable value, if this is lower.

Contracts are recognised as trade debtors if the selling price of the work performed exceeds invoicing on account and expected losses. Contracts are recognised as liabilities if invoicing on account and expected losses exceed the selling price.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Mortgage debt and bank debt are measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

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

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2016	2015
	Gross profit	**52.656.118**	**32.733.947**
1	Staff costs	-37.753.555	-26.373.678
	Depreciation and writedown relating to tangible fixed assets	-3.987.938	-1.702.393
	Operating profit	**10.914.625**	**4.657.876**
	Other financial income	9.413	4
	Other financial costs	-1.653.274	-662.713
	Results before tax	**9.270.764**	**3.995.167**
2	Tax on ordinary results	-2.007.871	-1.040.793
	Results from ordinary activities after tax	**7.262.893**	**2.954.374**
	Results for the year	**7.262.893**	**2.954.374**
	Proposed distribution of the results:		
	Dividend for the financial year	631.580	213.053
	Allocated to results brought forward	6.631.313	2.741.321
	Distribution in total	**7.262.893**	**2.954.374**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2016	2015
	Fixed assets		
3	Land and property	39.881.364	35.994.756
4	Other plants, operating assets, fixtures and furniture	8.735.639	6.256.110
	Tangible fixed assets in total	48.617.003	42.250.866
	Deposits	216.869	1.212.896
	Financial fixed assets in total	216.869	1.212.896
	Fixed assets in total	**48.833.872**	**43.463.762**
	Current assets		
	Trade debtors	19.300.718	13.295.202
5	Work in progress for the account of others	516.150	0
	Deferred tax assets	0	522.871
	Other debtors	950.705	3.430.793
	Accrued income and deferred expenses	539.193	780.710
	Debtors in total	21.306.766	18.029.576
	Available funds	6.088.899	6.132.595
	Current assets in total	**27.395.665**	**24.162.171**
	Assets in total	**76.229.537**	**67.625.933**

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities

Note		2016	2015
	Equity		
6	Contributed capital	132.632	132.632
7	Results brought forward	20.969.102	14.337.789
8	Proposed dividend for the financial year	631.580	213.053
	Equity in total	**21.733.314**	**14.683.474**
	Provisions		
9	Provisions for deferred tax	208.516	0
	Provisions in total	**208.516**	**0**
	Liabilities		
	Mortgage debt	30.431.559	16.081.266
	Bank debts	0	4.311.076
	Leasing liabilities	5.219.168	3.262.883
	Long-term liabilities in total	35.650.727	23.655.225
10	Liabilities	2.907.251	3.121.891
	Bank debts	65.130	13.094.851
	Prepayments received from customers	7.898.678	5.337.758
	Trade creditors	3.502.723	3.084.671
11	Corporate tax	689.144	1.343.607
	Other debts	3.574.054	3.304.456
	Short-term liabilities in total	18.636.980	29.287.234
	Liabilities in total	**54.287.707**	**52.942.459**
	Equity and liabilities in total	**76.229.537**	**67.625.933**

12 Mortgage and securities

13 Contingencies

Noter

All amounts in DKK.

		2016	2015
1.	**Staff costs**		
	Salaries and wages	32.717.867	22.958.066
	Pension costs	4.162.968	2.842.858
	Other costs for social security	416.838	360.920
	Other staff costs	455.882	211.834
		37.753.555	**26.373.678**
	Average number of employees	63	45
2.	**Tax on ordinary results**		
	Tax of the results for the year, parent company	1.276.484	1.535.749
	Adjustment for the year of deferred tax	731.387	-494.955
	Adjustment of tax for previous years	0	-1
		2.007.871	**1.040.793**

		31/12 2016	31/12 2015
3.	**Land and property**		
	Cost 1 January 2016	35.994.756	35.994.756
	Additions during the year	5.212.366	0
	Cost 31 December 2016	**41.207.122**	**35.994.756**
	Depreciation and writedown 1 January 2016	0	0
	Depreciation for the year	-1.325.758	0
	Depreciation and writedown 31 December 2016	**-1.325.758**	**0**
	Book value 31 December 2016	**39.881.364**	**35.994.756**

Noter

All amounts in DKK.

		31/12 2016	31/12 2015
4.	**Other plants, operating assets, fixtures and furniture**		
	Cost 1 January 2016	13.324.802	9.027.294
	Additions during the year	5.141.709	4.332.758
	Disposals during the year	-441.153	-35.250
	Cost 31 December 2016	**18.025.358**	**13.324.802**
	Depreciation and writedown 1 January 2016	-7.068.692	-5.366.448
	Depreciation for the year	-2.404.044	-1.702.244
	Depreciation, amortisation and writedown for the year, assets disposed of	-258.136	0
	Reversal of depreciation, amortisation and writedown, assets disposed of	441.153	0
	Depreciation and writedown 31 December 2016	**-9.289.719**	**-7.068.692**
	Book value 31 December 2016	**8.735.639**	**6.256.110**
	Leased assets are included with a book value of	6.551.614	4.891.229
5.	**Work in progress for the account of others**		
	Sales value of the production of the period	15.639.810	0
	Payments on account received	-15.123.660	0
	Work in progress for the account of others, net	**516.150**	**0**
6.	**Contributed capital**		
	Contributed capital 1 January 2016	132.632	132.632
		132.632	**132.632**
7.	**Results brought forward**		
	Results brought forward 1 January 2016	14.337.789	11.596.468
	Profit or loss for the year brought forward	6.631.313	2.741.321
		20.969.102	**14.337.789**

Noter

All amounts in DKK.

		31/12 2016	31/12 2015
8.	**Proposed dividend for the financial year**		
	Dividend 1 January 2016	213.053	315.790
	Distributed dividend	-213.053	-315.790
	Dividend for the financial year	631.580	213.053
		631.580	**213.053**

		31/12 2016	31/12 2015
9.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January 2016	-522.871	-27.916
		731.387	-494.955
		208.516	**-522.871**
	The following items are subject to deferred tax:		
	Tangible fixed assets	1.643.096	934.350
	Current assets	56.777	0
	Liabilities	-1.491.357	-1.457.221
		208.516	**-522.871**

10. Liabilities

	Instalments first year	Outstanding debt after 5 years	Debt in total 31 Dec 2016	Debt in total 31 Dec 2015
Mortgage debt	1.347.523	24.769.297	31.779.081	16.724.466
Bank debts	0	0	0	4.899.076
Leasing liabilities	1.559.728	0	6.778.896	5.153.574
	2.907.251	**24.769.297**	**38.557.977**	**26.777.116**

Noter

All amounts in DKK.

		31/12 2016	31/12 2015
11.	**Corporate tax**		
	Receivable corporate tax 1 January 2016	1.343.607	2.587.001
	Paid income tax during the financial year	-1.343.607	-2.587.001
	Calculated corporate tax for the present year	1.276.484	1.535.749
	Paid tax on account for the present year	-610.000	-250.000
		22.660	57.858
		689.144	**1.343.607**

Notes

All amounts in DKK.

12. Mortgage and securities

As security for mortgage debts, DKK 31.779.081, mortgage has been granted on land and buildings representing a book value of DKK 39.881.364 at 31 December 2016.

For parts of the bank debts, representing a book value of DKK 0 at 31 December 2016, the company has provided a letter of indemnity in company assets representing a nominal value of DKK 6.000.000. This security comprises the below assets, stating the book values:

	DKK
Inventories	0
Receivable from sales and services	19.300.718
Other plants, operation assets, fixtures and furniture	8.735.639

13. Contingencies

Contingent liabilities

Leasing liabilities:

In addition to financial leasing contracts, the company has entered into operational leasing contracts with an average annual leasing payment of DKK 74.400. The leasing contracts have 23-33 months left to run, and the total outstanding leasing payment is DKK 697.442.

Leasehold liabilities:

The company has entered into a leasehold contract with annual payment of DKK 572.961. The contract can be terminated with 6 months notice.