

EpiTherapeutics ApS under frivillig likvidation

c/o Gilead Sciences Denmark ApS, Arne Jakobsens
Allé 7, DK-2300 Copenhagen S

Annual Report for 1 January - 31 December 2017

CVR No 30 52 30 67

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on

5/6/2018

Niels Høgward Pedersen
Liquidator

Chairman

NIELS HOGWARD PEDERSEN

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Liquidator's Statement

The Liquidator has today considered and adopted the Annual Report of EpiTherapeutics ApS under frivillig likvidation 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 the year ended 31 December 2017.

In our opinion, Liquidator's Review includes a true and fair account of the matters addressed in the Review.

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

Copenhagen, 28 May 2018

Liquidator



Thomas Holst Laursen

Independent auditor's report

To the liquidator of EpiTherapeutics ApS under frivillig likvidation

Opinion

We have audited the financial statements of EpiTherapeutics ApS under frivillig likvidation for the financial year 1 January – 31 December 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including 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 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.

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

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Liquidator's responsibilities for the financial statements

Liquidator 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 Liquidator 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, Liquidator 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 Liquidator 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism 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.

Independent auditor's report

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Liquidator.

Conclude on the appropriateness of Liquidator'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 conclusion is 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 note 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 the Liquidator's review

Liquidator is responsible for Liquidator's review.

Our opinion on the financial statements does not cover the Liquidator'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 the Liquidator's review and, in doing so, consider whether the Liquidator'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 the Liquidator's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that Liquidator'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 the Liquidator's review.

Copenhagen, 28 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Christian Schwenn Johansen
State Authorised
Public Accountant
MNE-nr: mne33234

Company Information

The Company

EpiTherapeutics ApS under frivillig likvidation
c/o Gilead Sciences Denmark ApS
Arne Jakobsens Allé 7
DK-2300 Copenhagen S

CVR No: 30 52 30 67

Financial period: 1 January - 31 December

Municipality of reg. office: Greve

Liquidator

Thomas Holst Laursen

Auditors

Ernst & Young
Godkendt Revisionspartnerselskab
Osvold Helmuths Vej 4
Postboks 250
DK-2000 Frederiksberg

Lawyers

Plesner
Advokatpartnerselskab, Amerika Plads 37, DK 2100 Copenhagen

Bankers

Nykredit
Kalvebod Brygge 1-3, 1780 København V

Bank of America
2 King Edward Street, London, ECL1 1HQ

Liquidator's Review

Main activity

At the extraordinary general meeting on 10 October 2016, it was decided to dissolve the Company under the rules of solvent liquidation of the Danish Companies Act. The company remains under liquidation in 2017 and there has been limited activity during the current year.

Development in the year

The income statement of the Company for 2017 shows a loss of DKK 36,603,010 the majority of which arises due to foreign exchange loss, and at 31 December 2017 the balance sheet of the Company shows equity of DKK 31,083,305.

On the 22 December 2017 EpiTherapeutics ApS paid an on account distribution of liquidation proceeds to its parent Gilead Sciences Inc. of USD \$52.5million (DKK 328.4 million).

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2017 of the Company, and the results of the activities of the Company for the financial year for 2017 have not been affected by any unusual events.

Subsequent events

No events materially effecting the assessment of the annual report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Other operating income	1	0	448.773.000
Other external expenses		<u>-635.804</u>	<u>-781.072</u>
Gross loss/profit		-635.804	447.991.928
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Loss/profit before financial income and expenses		-635.804	447.991.928
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Financial income		3.564.290	7.779.445
Financial expenses		<u>-43.449.174</u>	<u>-18.720</u>
Loss/profit before tax		-40.520.688	455.752.653
<hr/>			
Tax on loss/profit for the year	2	<u>3.917.678</u>	<u>-99.391.854</u>
Net loss/profit for the year		<u>-36.603.010</u>	<u>356.360.799</u>

Distribution of loss/profit

Proposed appropriation of loss/profit

Retained earnings	<u>-36.603.010</u>	<u>356.360.799</u>
	<u>-36.603.010</u>	<u>356.360.799</u>

Balance Sheet 31 December

Assets

	<u>Note</u>	<u>2017</u> DKK	<u>2016</u> DKK
Other receivables		2.139	34.093
Deferred tax asset		3.195.898	0
Corporation tax receivable		<u>1.597.949</u>	<u>10.414.442</u>
Receivables		<u>4.795.986</u>	<u>10.448.535</u>
Cash at bank and in hand		<u>27.355.027</u>	<u>385.745.780</u>
Currents assets		<u>32.151.013</u>	<u>396.194.315</u>
Assets		<u>32.151.013</u>	<u>396.194.315</u>

Liabilities and equity

Share capital	3	4.545.875	4.545.875
Retained earnings		<u>26.537.430</u>	<u>391.517.440</u>
Equity		<u>31.083.305</u>	<u>396.063.315</u>
Trade payables		193.978	131.000
Corporation tax payables		<u>873.730</u>	<u>0</u>
Short-term debt		<u>1.067.708</u>	<u>131.000</u>
Debt		<u>1.067.708</u>	<u>131.000</u>
Liabilities and equity		<u>32.151.013</u>	<u>396.194.315</u>
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Statement of Changes in Equity

	<u>Share capital</u> DKK	<u>Retained</u> <u>earnings</u> DKK	<u>Total</u> DKK
Equity at 1 January	4.545.875	391.517.440	396.063.315
On account liquidation proceeds	0	-328.377.000	-328.377.000
Net loss for the year	<u>0</u>	<u>-36.603.010</u>	<u>-36.603.010</u>
Equity at 31 December	<u>4.545.875</u>	<u>26.537.430</u>	<u>31.083.305</u>

Notes to the Financial Statements

1 Other operating income

On the 20 January 2016 EpiTherapeutics ApS transferred the rights to its intangible property ("IP") to Gilead Biopharmaceutics Ireland UC ("GBIUC"). The IP was transferred in two tranches whereby, GBIUC paid USD \$47.9 million and USD \$17.1 million for the non – US rights and the US rights respectively.

	<u>2017</u> DKK	<u>2016</u> DKK
2 Tax on loss/profit for the year		
Current tax for the year, joint taxation contribution	-1.597.949	60.827.247
Deferred tax for the year	-3.195.898	38.564.607
Adjustment of tax concerning previous years	<u>876.169</u>	<u>0</u>
	<u>-3.917.678</u>	<u>99.391.854</u>

3 Equity

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> DKK
A-shares	533.951	533.951
B-shares	977.242	977.242
C-shares	3.034.682	<u>3.034.682</u>
		<u>4.545.875</u>

The share capital has developed as follows:

	<u>2017</u> DKK	<u>2016</u> DKK	<u>2015</u> DKK	<u>2014</u> DKK	<u>2013</u> DKK
Share capital at 1 January	4.545.875	4.545.875	4.128.114	2.395.866	1.102.242
Capital increase	0	0	417.761	1.732.248	1.293.624
Capital decrease	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Share capital at 31					
December	<u>4.545.875</u>	<u>4.545.875</u>	<u>4.545.875</u>	<u>4.128.114</u>	<u>2.395.866</u>

Notes to the Financial Statements

	<u>2017</u> DKK	<u>2016</u> DKK
4 Contingent assets, liabilities and other financial obligations		
Rental agreements and leases		
Rent and lease liabilities	<u>0</u>	<u>0</u>

Contingent liabilities

The Danish group of Gilead companies ("Danish Group"), which is effective from 7 May 2015, are jointly and severally liable for tax on the jointly taxed income of the Danish Group and for any Danish taxes payable by the Danish Group at source such as dividend tax, tax on royalty payments and withholding tax. The total corporation tax payable is disclosed in the 2017 Annual Report of Gilead Sciences Denmark ApS, which is the management company of the joint taxation

5 Related parties and ownership

Basis

Controlling interest

Gilead Sciences Inc. Parent and Ultimate parent company

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Gilead Sciences Inc.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the ultimate parent company Gilead Sciences Inc.

Notes to the Financial Statements

6 Accounting Policies

Basis of Preparation

Financial Statements of EpiTherapeutics ApS under frivillig likvidation for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and elective choice of certain provisions applying to reporting class C entities.

The financial statements have been prepared in accordance with the same accounting policies as last year.

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 costs are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciations, amortisations, 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.

Danish kroner is used as the measurement currency. All other currencies are regarded as foreign currencies.

Notes to the Financial Statements

6 Accounting Policies – continued

Translation policies

Transactions in foreign currencies are translated at the exchange rate at the date of transaction. Gains and losses arising due to differences between the transaction date rate and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rate at the balance sheet date. Any differences between the exchange rate at the balance sheet date and the transaction date rate are recognised in financial income and expenses in the income statement.

Income Statement

Other external expenses

Other external expenses comprise distribution, sale, advertising, administration, premises, bad debts, lease payments under operating leases

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the enterprise, including gains and losses on the sale of intangible assets and property, plant and equipment.

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.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

6 Accounting Policies - continued

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. Provisions for bad debts are determined on the basis of objective evidence that a receivable or a group of receivables are impaired.

Cash

Cash in the balance sheet comprise of cash at banks and in hand with an original maturity of three months or less.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

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

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest bearing debt is subsequently measured at amortised cost, using the effective interest rate method.

Other debt is subsequently measured at amortised cost corresponding to the nominal unpaid debt.