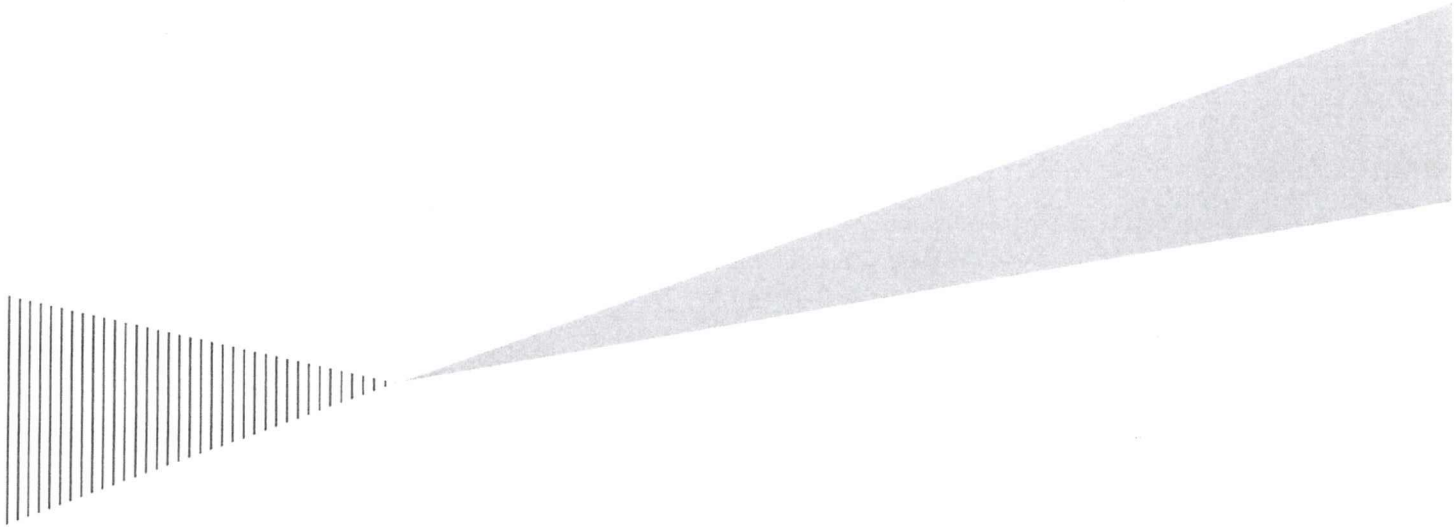


NB Public Equity Invest ApS

Østergade 24 A, 1. tv., 1100 Copenhagen K

CVR no. 31 06 75 29



Annual report

for the year 1 January - 31 December 2016

Approved at the annual general meeting of shareholders on 16 March 2017

Chairman:

Jakob Mosegaard Larsen



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Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of NB Public Equity Invest ApS for the financial year 1 January - 31 December 2016.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January - 31 December 2016.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 24 February 2017
Executive Board:

A handwritten signature in cursive script that reads 'Cora Madsen'.

Cora Madsen

Independent auditors' report

To the shareholders of NB Public Equity Invest ApS

Opinion

We have audited the financial statements of NB Public Equity Invest ApS for the financial year 1 January - 31 December 2016, which comprise an 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 financial position of the Company at 31 December 2016, and of the results of the Company operations for the financial year 1 January - 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 (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 rules and 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 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 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 the 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:

- ▶ 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.

Independent auditors' report

- ▶ 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 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 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 the Management's review.

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

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 24 February 2017

ERNST & YOUNG

Godkendt Revisionspartnerselskab

CVR no. 30 70 02 28



Anders Flymer-Dindler

State Authorised Public Accountant



Management's review

Company details

Name	NB Public Equity Invest ApS
Address, Postal code, City	Østergade 24 A, 1. tv., 1100 Copenhagen K
CVR no.	31 06 75 29
Registered office	Copenhagen
Financial year	1 January - 31 December
Telephone	+45 70 20 12 63
Executive Board	Cora Madsen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	SEB Bank
Lawyer	Mazanti - Jakob Mosegaard Larsen Amaliegade 10, 1256 Copenhagen, Denmark



Management's review

Management commentary

Business review

The Company's purpose is to trade and invest in securities through its participation in the limited partnership, NB Public Equity K/S.

Financial review

The income statement for 2016 shows a profit of DKK 4,744,148 against a profit of DKK 8,193,952 last year, and the balance sheet at 31 December 2016 shows equity of DKK 12,430,444.

Events after the balance sheet date

No events have occurred after the financial year end which could significantly affect the Company's financial position.

Outlook

The results for the Company depend on its investment in the limited partnership. The limited partnership is focused on identifying rare investment opportunities that promise a return with limited loss potential. In 2015, the portfolio was increased by a number of companies that are believed to continue to match this profile. Returns are expected over the course of 2-4 years. However, the long-term experience of this strategy has paid off with very limited losses realised over the period from inception of 2008 to date and returns far in excess of the risk adjusted alternatives. The general partner is optimistic on the prospect of the portfolio, despite high volatility in the stock market.



Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2016	2015
	Fair value adjustment of other securities and investments	-425,460	104,800
	Carried interest	6,901,836	10,767,627
	Other external expenses	-50,625	-31,749
	Gross margin	6,425,751	10,840,678
2	Staff costs	-340,800	-336,600
	Profit before net financials	6,084,951	10,504,078
	Financial income	172	0
	Financial expenses	-1,647	-2,886
	Profit before tax	6,083,476	10,501,192
3	Tax for the year	-1,339,328	-2,307,240
	Profit for the year	4,744,148	8,193,952
	Proposed profit appropriation		
	Extraordinary dividend distributed in the year	8,116,961	3,861,120
	Retained earnings/accumulated loss	-3,372,813	4,332,832
		4,744,148	8,193,952

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	2016	2015
	ASSETS		
	Fixed assets		
4	Investments		
	Other securities and investments	3,964,158	4,542,249
		<u>3,964,158</u>	<u>4,542,249</u>
	Total fixed assets	<u>3,964,158</u>	<u>4,542,249</u>
	Non-fixed assets		
	Receivables		
	Income taxes receivable	172,268	0
	Receivable carried interest	6,901,836	10,767,627
		<u>7,074,104</u>	<u>10,767,627</u>
	Cash at bank and in hand	<u>3,283,466</u>	<u>3,269,666</u>
	Total non-fixed assets	<u>10,357,570</u>	<u>14,037,293</u>
	TOTAL ASSETS	<u>14,321,728</u>	<u>18,579,542</u>
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	139,000	139,000
	Share premium account	1,198,000	1,198,000
	Retained earnings	11,093,444	14,466,257
	Total equity	<u>12,430,444</u>	<u>15,803,257</u>
	Provisions		
	Deferred tax	1,518,404	2,368,878
	Total provisions	<u>1,518,404</u>	<u>2,368,878</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Income taxes payable	0	38,102
	Other payables	372,880	369,305
		<u>372,880</u>	<u>407,407</u>
	Total liabilities other than provisions	<u>372,880</u>	<u>407,407</u>
	TOTAL EQUITY AND LIABILITIES	<u>14,321,728</u>	<u>18,579,542</u>

- 1 Accounting policies
- 6 Contractual obligations and contingencies, etc.
- 7 Collateral
- 8 Related parties



Financial statements for the period 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Share premium account	Retained earnings	Total
Equity at 1 January 2015	139,000	1,198,000	10,133,425	11,470,425
Profit/loss for the year	0	0	8,193,952	8,193,952
Extraordinary dividend distributed in the year	0	0	-3,861,120	-3,861,120
Equity at 1 January 2016	139,000	1,198,000	14,466,257	15,803,257
Profit/loss for the year	0	0	4,744,148	4,744,148
Extraordinary dividend distributed in the year	0	0	-8,116,961	-8,116,961
Equity at 31 December 2016	139,000	1,198,000	11,093,444	12,430,444

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of NB Public Equity Invest ApS for 2016 has been prepared in accordance with the provisions in the Danish Financial Statements Act to report reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Carried interest

Carried interest comprises the Company's carried interest for the year. The Company earns carried interest from its participation in NB Public Equity K/S.

Other external expenses

Other external expenses include the year's expenses to the auditor.

Staff costs

Staff costs include wages and salaries as well as other social security contributions, etc. made to the entity's employee.

Fair value adjustment of other securities and investments

The item includes the year's fair value adjustment of other securities and investments.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. The items include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity and Nordic Biotech Advisor ApS are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

Balance sheet

Other securities and investments

On initial recognition, securities and investments are measured at cost. Other securities and investments are subsequently measured at fair value. The fair value is made up at the market value at the balance sheet date if the securities are listed and at a value made up using generally recognised valuation principles if the securities are unlisted.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Cash

Cash comprises bank balances.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.



Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2016	2015
2 Staff costs		
Wages/salaries	300,000	300,000
Other staff costs	40,800	36,600
	<u>340,800</u>	<u>336,600</u>
 Average number of full-time employees	 <u>1</u>	 <u>1</u>
 3 Tax for the year		
Estimated tax charge for the year	2,188,780	2,416,717
Deferred tax adjustments in the year	-850,474	-109,477
Tax adjustments, prior years	1,022	0
	<u>1,339,328</u>	<u>2,307,240</u>
 4 Investments		
DKK		<u>Other securities and investments</u>
Cost at 1 January 2016		11,465,968
Cost at 31 December 2016		<u>11,465,968</u>
Value adjustments at 1 January 2016		-6,923,719
Revaluations for the year		-425,460
Disposal for the year (distributions received)		<u>-152,631</u>
Value adjustments at 31 December 2016		-7,501,810
Carrying amount at 31 December 2016		<u>3,964,158</u>
	<u>Legal form</u>	<u>Domicile</u>
Other investments in limited partnerships or partnerships		
NB Public Equity	K/S	Copenhagen

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2016	2015
5 Share capital		
Analysis of the share capital:		
87,014 A shares of DKK 1.00 nominal value each	87,014	87,014
17,375 B shares of DKK 1.00 nominal value each	17,375	17,375
34,611 C shares of DKK 1.00 nominal value each	34,611	34,611
	<u>139,000</u>	<u>139,000</u>

Each share of DKK 1 carries one voting right.

Analysis of changes in the share capital over the past 5 years:

DKK	2016	2015	2014	2013	2012
Opening balance	139,000	139,000	139,000	138,000	137,000
Capital increase	0	0	0	1,000	1,000
	<u>139,000</u>	<u>139,000</u>	<u>139,000</u>	<u>139,000</u>	<u>138,000</u>

6 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company is a limited partner in NB Public Equity K/S and at the time of signing the agreement pledged to inject DKK 5,000,000. At 31 December 2016, the Company had contributed net DKK 227.553.

Other contingent liabilities

The company is jointly taxed with Nordic Biotech Advisor ApS, which acts as management company, and has limited and alternative liability together with other jointly taxed group entities for the payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

7 Collateral

The Company has not placed any assets for loans at 31 December 2016.

8 Related parties

NB Public Equity Invest ApS' related parties comprise the following:

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Tech Growth Invest ApS	Copenhagen, Denmark
C. Hansen Invest ApS	Vedbaek, Denmark
BVF / NexGen Biotech, L.P.	Chicago, USA