

Nordic Biotech Opportunity Fund K/S

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

CVR no. 31 26 24 88



Annual report 2015

Approved at the limited partnership's annual general meeting on

11/4-2016

Chairman:



Lars Møller Andersen

EY

Building a better
working world



Contents

Statement by the General Partner	2
Independent auditors' report	3
Management's review	5
Limited partnership details	5
Operating review	6
Financial statements for the period 1 January - 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11



Statement by the General Partner

The General Partner has today discussed and approved the annual report of Nordic Biotech Opportunity Fund K/S for the financial year 1 January - 31 December 2015.

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

It is our opinion that the financial statements give a true and fair view of the limited partnership's financial position at 31 December 2015 and of the results of the limited partnership's operations for the financial year 1 January - 31 December 2015.

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

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

Copenhagen, 21 March 2016

On behalf of the general partner, Nordic Biotech General Partner ApS:

A handwritten signature in blue ink, appearing to read 'Florian Schönharting', written over a horizontal line.

Florian Schönharting
For General Partner



Independent auditors' report

To the limited partners and the general partner of Nordic Biotech Opportunity Fund K/S

Independent auditors' report on the financial statements

We have audited the financial statements of Nordic Biotech Opportunity Fund K/S for the financial year 1 January - 31 December 2015, which comprise 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.

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. Management is also responsible 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.

Auditors' 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 the 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 auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the 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 limited partnership'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 evaluating 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 limited partnership's financial position at 31 December 2015 and of the results of its operations for the financial year 1 January - 31 December 2015 in accordance with the Danish Financial Statements Act.



Independent auditors' report

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 other 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, 21 March 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

A handwritten signature in blue ink, appearing to read 'C. Schwenn', is written over the printed name and title.

Christian Schwenn Johansen
State Authorised Public Accountant



Management's review

Limited partnership details

Name	Nordic Biotech Opportunity Fund K/S
Address, zip code, city	Østergade 24 A, 1. tv., 1100 Copenhagen K
CVR no.	31 26 24 88
Registered office	Copenhagen
Financial year	1 January – 31 December
General Partner	Nordic Biotech General Partner ApS
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuhs Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	Nordea
Lawyer	Mazanti-Andersen Korsø Jensen Amaliegade 10, 1256 Copenhagen, Denmark



Management's review

Operating review

Principal activities

The limited partnership was established on 31 January 2008 as a venture capital limited partnership focusing exclusively on follow-on investments in portfolio companies of Nordic Biotech K/S.

At 31 December 2015, the portfolio of the limited partnership included three investments not yet disposed of by the limited partnership. These are further described below.

Financial review

The income statement for 2015 shows a profit of DKK 16,131 thousand against a profit of DKK 595,282 thousand last year, and the balance sheet at 31 December 2015 shows equity of DKK 1,336,399 thousand.

The results for the year are significantly impacted by a fair value adjustment of the limited partnership's investment in Forward Pharma A/S of DKK 16 million.

Operations

Nordic Biotech General Partner ApS participates in the limited partnership as a general partner and manages the limited partnership in this capacity. Further, the limited partnership has concluded an advisory agreement with Nordic Biotech Advisors ApS pursuant to which Nordic Biotech Advisors ApS attends to the daily operation of the limited partnership.

Investments

Rose Pharma A/S

Rose Pharma is or has been dedicated to developing certain indications for ghrelin and GLP-1. The limited partnership has written off its investment in Rose Pharma.

Osteologix Holdings PLC

Osteologix Holdings has been dedicated to developing drugs for treating diseases of bone and cartilage. The company and its subsidiaries are undergoing solvent liquidation.

Forward Pharma A/S

Forward Pharma is a Danish company founded in 2005 in Copenhagen, Denmark, with an active NASDAQ based ADS programme. The limited partnership is focused on the immunomodulatory compound dimethyl fumarate for the treatment of immune diseases.

Nordic Biotech Opportunity Fund K/S measures all of its investments at fair value in accordance with the valuation guidelines recommended by Invest Europe (currently the IPEV valuation guidelines). The valuations in the annual report are subject to inherent uncertainty because they, among others, are based on assumptions that are to a wide extent judgmental. The limited partnership's investment in Forward Pharma A/S has been valued based on the stock price of publically traded ADS representing shares in Forward Pharma A/S.



Management's review

Operating review

Events after the balance sheet date

The share price of Forward Pharma has decreased significantly in the first two months of 2016. Reference is made to note 3 for information on the fair value at 15 March 2016.

Outlook

The limited partnership continues to hold one or more companies with up-side potential and the limited partnership intends to continue its efforts to realise its remaining assets at optimal value.

Commercial and financial risks

The limited partnership is, among others, dependent on the continued services of Nordic Biotech General Partner ApS and Nordic Biotech Advisors ApS and the developments in the US capital market.



Financial statements for the period 1 January – 31 December

Income statement

Note	DKK '000	2015	2014
	Other external costs	-106	-153
	Fair value adjustment of investment in associates	16,238	594,755
	Operating profit	16,132	594,602
2	Financial income	0	681
	Financial expenses	-1	-1
	Profit for the year	<u>16,131</u>	<u>595,282</u>
	Proposed profit appropriation		
	Retained earnings	16,131	595,282
		<u>16,131</u>	<u>595,282</u>



Financial statements for the period 1 January – 31 December

Balance sheet

Note	DKK '000	2015	2014
	ASSETS		
	Non-current assets		
3	Investments		
	Investments in associates	1,334,971	1,318,733
		<u>1,334,971</u>	<u>1,318,733</u>
	Total non-current assets	<u>1,334,971</u>	<u>1,318,733</u>
	Current assets		
	Cash in bank	1,538	1,616
	Total current assets	<u>1,538</u>	<u>1,616</u>
	TOTAL ASSETS	<u>1,336,509</u>	<u>1,320,349</u>
	EQUITY AND LIABILITIES		
	Equity		
4	Limited partnership capital	102,680	102,680
	Retained earnings	1,233,719	1,217,588
	Total equity	<u>1,336,399</u>	<u>1,320,268</u>
	Liabilities		
	Current liabilities other than provisions		
	Other payables	110	81
		<u>110</u>	<u>81</u>
	Total liabilities	<u>110</u>	<u>81</u>
	TOTAL EQUITY AND LIABILITIES	<u>1,336,509</u>	<u>1,320,349</u>

1 Accounting policies



Financial statements for the period 1 January – 31 December

Statement of changes in equity

DKK '000	Limited partnership capital	Retained earnings	Total
Balance at 1 January 2014	102,680	622,306	724,986
Profit/loss for the year	0	595,282	595,282
Balance at 1 January 2015	102,680	1,217,588	1,320,268
Profit/loss for the year	0	16,131	16,131
Balance at 31 December 2015	102,680	1,233,719	1,336,399

Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Nordic Biotech Opportunity Fund K/S for 2015 has been prepared in accordance with the provisions applying to reporting class B enterprises under the Danish Financial Statements Act.

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.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at 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 rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Other external costs

Other external costs include fees to the general partner (Nordic Biotech General Partner ApS), audit fees and other costs.

Fair value adjustment of investment in associates

The item includes the year's fair value adjustment of investments in associates.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses.

Tax

As the individual limited partners include their profit or loss from the limited partnership in their respective income statements, the financial statements do not include taxes.



Financial statements for the period 1 January – 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Investments in associates

On initial recognition, investments in associates are measured at cost. Investments in associates are subsequently measured at fair value and the value adjustment for the year is recognised in the income statement under "Fair value adjustment of investment in associates".

The fair value is based on stock exchange quotation or principles corresponding to those recommended by Invest Europe (currently the IPEV valuation guidelines).

Cash in bank

Cash comprises bank balances.

Other payables

Other payables are measured at net realisable value.

DKK '000	2015	2014
2 Financial income		
Interest receivable, associates	0	681
	0	681

DKK '000	Investments in associates
Cost at 1 January 2015	101,534
Cost at 31 December 2015	101,534
Value adjustments at 1 January 2015	1,217,199
Exchange adjustment	136,186
Value adjustments for the year	-119,948
Value adjustments at 31 December 2015	1,233,437
Carrying amount at 31 December 2015	1,334,971

On 9 April 2015 a shareholder's agreement including all of the pre-IPO shareholders in Forward Pharma A/S was published. The pre-IPO shareholders, including Nordic Biotech Opportunity Fund K/S, agreed to voluntarily lock-up their shares in Forward Pharma A/S for an additional 365 days beyond the expiration of the original IPO lock-up. The original lock-up agreement with the IPO underwriters expired on 12 April 2015. The new lock-up expires on 12 April 2016 unless otherwise agreed among the pre-IPO shareholders.

Financial statements for the period 1 January – 31 December

Notes to the financial statements

3 Investments (continued)

The value of the investment in Forward Pharma A/S at 31 December 2015, DKK 1,334,971 thousand, is based on the stock price of Nasdaq traded ADS representing shares in Forward Pharma at 31 December 2015. The stock price has in 2016 decreased in value, and the fair value of the investment at 15 March 2016 amounted to DKK 1,199,862 thousand.

Key figures of the limited partnership's investments in associates at 31 December 2015:

Name and registered office (DKK '000)	Ownership interest	Equity	Profit/loss for the year
Rose Pharma A/S, Denmark	3.37%	1,218	250
Ostelogix Holdings Plc, Ireland	19.08%	2,119	-36,995
Forward Pharma A/S, Denmark	22.59%	1,361,363	-106,824

DKK '000

4 Limited partnership capital

The limited partnership capital consists of the following:

	2015	2014
101,652,720 A-kommanditist shares of DKK 1.00 each	101,653	101,653
1,026,795 B-kommanditist shares of DKK 1.00 each	1,027	1,027
	<u>102,680</u>	<u>102,680</u>

Changes in the limited partnership capital over the past 5 years:

DKK	2015	2014	2013	2012	2011
Balance at 1 January	102,680	102,680	88,293	68,883	61,448
Cash capital increase	0	0	14,387	19,410	7,435
	<u>102,680</u>	<u>102,680</u>	<u>102,680</u>	<u>88,293</u>	<u>68,883</u>