

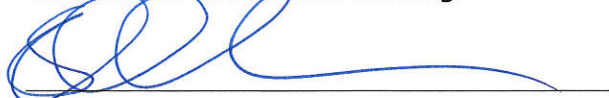
Sunstone LSV Management A/S

Lautrupgade 7, 5
2100 Copenhagen Ø
Central Business Registration No
33859198

Annual report 2016

The Annual General Meeting adopted the annual report on 31.03.2017

Chairman of the General Meeting



Name: Merete Lundbye Møller

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Entity details

Entity

Sunstone LSV Management A/S
Lautrupgade 7, 5
2100 Copenhagen Ø

Central Business Registration No: 33859198
Registered in: Copenhagen
Financial year: 01.01.2016 - 31.12.2016

Board of Directors

Merete Lundbye Møller, Chairwoman
James Peter Arthur Benson
Sten Verland
Andreas Rutger Segerros
Claus Asbjørn Andersson
Søren Lemonius

Executive Board

James Peter Arthur Benson

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Sunstone LSV Management A/S for the financial year 01.01.2016 - 31.12.2016.

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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016.

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.

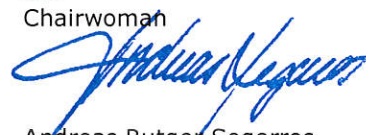
Copenhagen, 31.03.2017

Executive Board

James Peter Arthur Benson

Board of Directors


Merete Lundbye Møller
Chairwoman


Andreas Rutger Segerros


James Peter Arthur Benson


Claus Asbjørn Andersson


Sten Verland


Søren Lemonius

Independent auditor's report

To the owners of Sunstone LSV Management A/S

Opinion

We have audited the financial statements of Sunstone LSV Management A/S for the financial year 01.01.2016 - 31.12.2016, 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 31.12.2016 and of the results of its operations for the financial year 01.01.2016 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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, 31.03.2017

Deloitte

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Kim Takata Mücke

State Authorised Public Accountant

Management commentary

Primary activities

Sunstone LSV Management A/S is a management company that provides advisory services and administration to venture capital funds. Sunstone LSV Management A/S is located in Copenhagen.

Sunstone LSV Management A/S is investment manager for seven venture funds:

- Sunstone Life Science Ventures Fund I K/S
- Sunstone Life Science Ventures Fund II K/S
- Sunstone Life Science Ventures Fund III K/S
- P/S Sunstone Biomedicinsk Venture III
- K/S Sunstone Biomedical Venture Annex I
- K/S Sunstone Biomedical Venture Annex II
- K/S Sunstone Biomedical Venture Annex III

that invest in unlisted Life Science companies.

The funds have a total commitment of EUR 458 million. As of year-end 2016, the funds have a portfolio of app. 30 active companies.

Since the establishment, Sunstone LSV Management A/S has received and processed an increasing amount of prospective investment opportunities. All contacts have been evaluated with selected opportunities progressing to further analysis. During 2016, 5 investments in new portfolio companies were completed, as well as 16 follow-up investments were made in existing portfolio companies. 1 portfolio company were realized during the year.

Development in activities and finances

The profit after tax for 2016 was DKK 2,212k. Equity equals DKK 4,250k end of 2016. During the spring 2016 Sunstone LSV Management A/S got transferred the management agreements from Sunstone Capital A/S within Life Science along with related of the employees which explains the large increase in revenues and staff cost in 2016.

Unusual circumstances affecting recognition and measurement

The annual report is not influenced by unusual circumstances.

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 2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Revenue		18.843	13.232
Other external expenses		<u>(8.593)</u>	<u>(8.536)</u>
Gross profit/loss		10.250	4.696
Staff costs	1	(7.408)	0
Depreciation, amortisation and impairment losses		<u>(3)</u>	<u>0</u>
Operating profit/loss		2.839	4.696
Income from investments in group enterprises		41	(3)
Other financial income		5	0
Other financial expenses		<u>(39)</u>	<u>(12)</u>
Profit/loss before tax		2.846	4.681
Tax on profit/loss for the year	2	<u>(634)</u>	<u>(1.101)</u>
Profit/loss for the year		2.212	3.580
Proposed distribution of profit/loss			
Ordinary dividend for the financial year		0	2.500
Transferred to reserve for net revaluation according to the equity method		41	(3)
Retained earnings		<u>2.171</u>	<u>1.083</u>
		2.212	3.580

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Other fixtures and fittings, tools and equipment		15	0
Property, plant and equipment	3	<u>15</u>	<u>0</u>
Investments in group enterprises		280	238
Fixed asset investments	4	<u>280</u>	<u>238</u>
Fixed assets		<u>295</u>	<u>238</u>
Receivables from group enterprises		12	0
Other receivables		796	182
Receivables		<u>808</u>	<u>182</u>
Cash		<u>6,520</u>	<u>4,515</u>
Current assets		<u>7,328</u>	<u>4,697</u>
Assets		<u>7,623</u>	<u>4,935</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2016</u> <u>DKK'000</u>	<u>2015</u> <u>DKK'000</u>
Contributed capital		502	502
Reserve for net revaluation according to the equity method		149	108
Retained earnings		3.599	1.428
Proposed dividend		0	2.500
Equity		<u>4.250</u>	<u>4.538</u>
Payables to group enterprises		13	0
Income tax payable		125	253
Other payables		3.235	144
Current liabilities other than provisions		<u>3.373</u>	<u>397</u>
Liabilities other than provisions		<u>3.373</u>	<u>397</u>
Equity and liabilities		<u>7.623</u>	<u>4.935</u>
Contingent liabilities	5		

Statement of changes in equity for 2016

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	502	108	1.428	2.500
Ordinary dividend paid	0	0	0	(2.500)
Profit/loss for the year	0	41	2.171	0
Equity end of year	502	149	3.599	0
				Total
				DKK'000
Equity beginning of year				4.538
Ordinary dividend paid				(2.500)
Profit/loss for the year				2.212
Equity end of year				4.250

Notes

	2016	2015
	DKK'000	DKK'000
1. Staff costs		
Wages and salaries	7,328	0
Pension costs	68	0
Other social security costs	12	0
	7,408	0
Average number of employees	5	0
	2016	2015
	DKK'000	DKK'000
2. Tax on profit/loss for the year		
Tax on current year taxable income	625	1,003
Change in deferred tax for the year	0	89
Adjustment concerning previous years	9	9
	634	1,101
		Other fixtures and fittings, tools and equipment DKK'000
3. Property, plant and equipment		
Additions		18
Cost end of year		18
Depreciation for the year		(3)
Depreciation and impairment losses end of the year		(3)
Carrying amount end of year		15

Notes

	Investment s in group enterprises DKK'000
4. Fixed asset investments	
Cost beginning of year	130
Additions	<u>1</u>
Cost end of year	<u>131</u>
Revaluations beginning of year	108
Share of profit/loss for the year	<u>41</u>
Revaluations end of year	<u>149</u>
Carrying amount end of year	<u>280</u>
	Equity inte- rest %
	<u>Registered in</u>
Investments in group enterprises comprise:	
Sunstone LSV General Partner II ApS	Copenhagen 90.0
Sunstone LSV General Partner III ApS	Copenhagen 100.0

5. Contingent liabilities

The Company is jointly taxed with its subsidiaries. According to the Danish Companies Act governing joint taxation, the Company is liable for any liabilities to withhold tax at source regarding royalties and dividends for the jointly taxed companies and joint and several liability exists for any income taxes incumbent on the jointly taxed companies. Apart from this, the Company has no additional contingent liabilities.

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 annual report has been presented applying the accounting policies consistently with last year.

The annual report is presented in DKK'000.

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.

Consolidation

The Company has not prepared consolidated financial statements with reference to the Danish Financial Statements Act, section 110 (1).

Income statement

Revenue

Other operating income comprises management fee for investment advisory service and administration of venture capital funds stated in accordance with management fee agreements.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Accounting policies

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relate to equipment calculated on the basis of the residual values and useful lives of the individual assets and.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises and gains from transactions in foreign currencies, as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, and losses from transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with its subsidiaris. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Property, plant and equipment

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount

Accounting policies

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equities.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

Cash

Cash comprise bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

Other financial liabilities

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

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.