

## **Sunstone Life Science Ventures A/S**

Lautrupsgade 7, 5.  
2100 København Ø  
Business Registration No  
33859198

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 09 / 3 2018

### **Chairman of the General Meeting**



---

Name: Merete Lundbye Møller

## Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Income statement for 2017	7
Balance sheet at 31.12.2017	8
Statement of changes in equity for 2017	10
Notes	11
Accounting policies	13

## Entity details

--

### Entity

Sunstone Life Science Ventures A/S  
Lautrupsgade 7, 5.  
2100 København Ø

Central Business Registration No (CVR): 33859198  
Registered in: København  
Financial year: 01.01.2017 - 31.12.2017

### 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 Life Science Ventures A/S for the financial year 01.01.2017 - 31.12.2017.

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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

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, 09.03.2018

### Executive Board



James Peter Arthur Benson

### Board of Directors



Merete Lundbye Møller  
Chairwoman



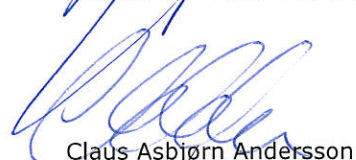
James Peter Arthur Benson



Sten Verland



Andreas Rutger Segerros



Claus Asbjørn Andersson



Søren Lemonijs

## Independent auditor's report

### To the owners of Sunstone Life Science Ventures A/S

#### Opinion

We have audited the financial statements of Sunstone Life Science Ventures A/S for the financial year 01.01.2017 - 31.12.2017, 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 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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 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, 09.03.2018

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR)  
33963556



Kim Takata Mücke  
State Authorised Public Accountant  
Identification No (MNE) mne10944



Rasmus Ørskov  
State Authorised Public Accountant  
Identification No (MNE) mne42777

## Management commentary

### Primary activities

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

Sunstone Life Science Ventures 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 2017, the funds have a portfolio of app. 24 active companies.

Since the establishment, Sunstone Life Science Ventures 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 2017, 20 follow-up investments were made in existing portfolio companies. 2 portfolio companies were realized during the year.

### Development in activities and finances

The loss after tax for 2017 was DKK 1,665k. Equity equals DKK 2,585k end of 2017.

### Unusual circumstances affecting recognition and measurement

The annual report is not influenced by unusual circumstances.

### Outlook

Sunstone Life Science Ventures A/S is working on establishing a new venture Fund during 2018. The establishment of Sunstone Life Science Ventures Fund IV K/S is expected to increase management fee for Sunstone Life Science Ventures A/S.

### 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 2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Revenue		10,267	18,843
Other external expenses		<u>(7,141)</u>	<u>(8,891)</u>
<b>Gross profit/loss</b>		<b>3,126</b>	<b>9,952</b>
Staff costs	1	(5,283)	(7,110)
Depreciation, amortisation and impairment losses		<u>(14)</u>	<u>(3)</u>
<b>Operating profit/loss</b>		<b>(2,171)</b>	<b>2,839</b>
Income from investments in group enterprises		32	41
Other financial income		67	5
Other financial expenses		<u>(59)</u>	<u>(39)</u>
<b>Profit/loss before tax</b>		<b>(2,131)</b>	<b>2,846</b>
Tax on profit/loss for the year	2	<u>466</u>	<u>(634)</u>
<b>Profit/loss for the year</b>		<b><u>(1,665)</u></b>	<b><u>2,212</u></b>
<b>Proposed distribution of profit/loss</b>			
Transferred to reserve for net revaluation according to the equity method		32	41
Retained earnings		<u>(1,697)</u>	<u>2,171</u>
		<b><u>(1,665)</u></b>	<b><u>2,212</u></b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> <u>DKK'000</u>	<u>2016</u> <u>DKK'000</u>
Other fixtures and fittings, tools and equipment		25	15
<b>Property, plant and equipment</b>		<b>25</b>	<b>15</b>
Investments in group enterprises		162	280
<b>Fixed asset investments</b>	3	<b>162</b>	<b>280</b>
<b>Fixed assets</b>		<b>187</b>	<b>295</b>
Receivables from group enterprises		0	12
Deferred tax		453	0
Other receivables		1,064	796
Joint taxation contribution receivable		16	0
<b>Receivables</b>		<b>1,533</b>	<b>808</b>
<b>Cash</b>		<b>1,839</b>	<b>6,520</b>
<b>Current assets</b>		<b>3,372</b>	<b>7,328</b>
<b>Assets</b>		<b>3,559</b>	<b>7,623</b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017</u> DKK'000	<u>2016</u> DKK'000
Contributed capital		502	502
Reserve for net revaluation according to the equity method		0	149
Retained earnings		<u>2,083</u>	<u>3,599</u>
<b>Equity</b>		<u><b>2,585</b></u>	<u><b>4,250</b></u>
Payables to group enterprises		0	13
Income tax payable		0	125
Other payables		<u>974</u>	<u>3,235</u>
<b>Current liabilities other than provisions</b>		<u><b>974</b></u>	<u><b>3,373</b></u>
<b>Liabilities other than provisions</b>		<u><b>974</b></u>	<u><b>3,373</b></u>
<b>Equity and liabilities</b>		<u><b>3,559</b></u>	<u><b>7,623</b></u>
Contingent liabilities	4		

## Statement of changes in equity for 2017

	<b>Contributed capital DKK'000</b>	<b>Reserve for net revaluation according to the equity method DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	502	149	3,599	4,250
Dividends from group enterprises	0	(200)	200	0
Profit/loss for the year	0	51	(1,716)	(1,665)
<b>Equity end of year</b>	<b>502</b>	<b>0</b>	<b>2,083</b>	<b>2,585</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>1. Staff costs</b>		
Wages and salaries	5,139	7,019
Pension costs	101	68
Other social security costs	43	23
	<b>5,283</b>	<b>7,110</b>
Average number of employees	<b>7</b>	<b>5</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Tax on profit/loss for the year</b>		
Current tax	(16)	625
Change in deferred tax	(453)	0
Adjustment concerning previous years	3	9
	<b>(466)</b>	<b>634</b>
		<b>Invest- ments in group enterprises DKK'000</b>
<b>3. Fixed asset investments</b>		
Cost beginning of year		131
Additions		50
<b>Cost end of year</b>		<b>181</b>
Revaluations beginning of year		149
Share of profit/loss for the year		32
Dividend		(200)
<b>Revaluations end of year</b>		<b>(19)</b>
<b>Carrying amount end of year</b>		<b>162</b>

## Notes

	<u>Registered in</u>	<u>Equity inte- rest %</u>
Investments in group enterprises comprise:		
Sunstone LSV General Partner II ApS	Copenhagen	90.0
Sunstone LSV General Partner III ApS	Copenhagen	100.0
Komplementarselskabet af 26. juni 2017 ApS	Copenhagen	100.0

#### 4. Contingent liabilities

The Company is jointly taxed with its subsidiaries. According to the Danish Corporate Tax 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 enterprises with addition of certain provisions for reporting class C.

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

Revenue 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 Company's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

## Accounting policies

### Staff costs

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

### 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
--	-----------

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.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

### Cash

Cash comprise bank deposits.

### 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.