PKF Munkebo Vindelev
Statsautoriseret Revisionsaktieselskab

Accountants &
business advisers

Annual report 2016

Company reg. no. 34 08 37 38

Acesion Pharma ApS

Ole Maaløes Vej 3

2200 Copenhagen N

The annual report have been submitted and approved by the general meeting on 26 May 2017.

Søren S. Skjærbæk
Chairman of the meeting

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Notes:
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's report

The board of directors and the executive board have today presented the annual report of Acesion Pharma ApS for the financial year 1 January to 31 December 2016.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2016 and of the company's results of its activities in the financial year 1 January to 31 December 2016.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Copenhagen N, 2 May 2017

Executive board

Frans Gustaf Wuite CEO	Jakob Dynnes Hansen CFO

Board of directors

Ingelise Saunders Chairman of the Board	Morten Grunnet	Paul Goldenheim
Stephan Christgau	Lars Gredsted	

Independent auditor's report

To the shareholders of Acesion Pharma ApS

Opinion

We have audited the annual accounts of Acesion Pharma ApS for the financial year 1 January to 31 December 2016, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2016 and of the results of the company's operations for the financial year 1 January to 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company’s ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Glostrup, 2 May 2017

PKF Munkebo Vindelev
State Authorised Public Accountants
Company reg. no. 14 11 92 99

Kasper Vindelev
State Authorised Public Accountant

Company data

The company	Acesion Pharma ApS Ole Maaløes Vej 3 2200 Copenhagen N	
	Company reg. no.	34 08 37 38
	Established:	15 December 2011
	Domicile:	The City of Copenhagen
	Financial year:	1 January - 31 December 5th financial year
Board of directors	Ingelise Saunders, Chairman of the Board Morten Grunnet Paul Goldenheim Stephan Christgau Lars Gredsted	
Executive board	Frans Gustaf Wuite, CEO Jakob Dynnes Hansen, CFO	
Auditors	PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab Hovedvejen 56 2600 Glostrup	
Bankers	Danske Bank, Holmens kanal 2, 1090 København K	
Lawyer	Saxo Advokater, Håndværkervej 1, 7120 Vejle	

Financial highlights

DKK in thousands.	2016	2015	2014	2013
Profit and loss account:				
Gross profit	-14.394	-8.496	-4.722	-4.833
Results from operating activities	-22.821	-12.565	-8.396	-7.730
Net financials	2	-30	4	0
Results for the year	-18.262	-9.804	-6.455	-6.507
Balance sheet:				
Balance sheet sum	39.786	17.288	18.887	9.056
Investments in tangible fixed assets represent	0	145	0	0
Equity	14.054	1.536	3.832	-556

Management's review

The principal activities of the company

Acesion Pharma ApS was founded in 2011 and is engaged in the research and development of new and better pharmaceuticals for the treatment of atrial fibrillation, the most common type of cardiac arrhythmia

Development in activities and financial matters

The company made good progress in its R&D activities in 2016.

The gross loss for 2016 was DKK -14,4m versus DKK -8,5m in 2015. The net result for the year was DKK -18,3m compared with DKK -9,8m in the previous year.

The management considers the financial results satisfactory.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies used

The annual report for Acesion Pharma ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises.Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

THE PROFIT AND LOSS ACCOUNT

Gross loss

The gross loss comprises the net turnover, research and development costs, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Other operating income and costs comprise fund grants.

Other external costs comprise costs for sales, administration and premises.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials include interest income, interest expenses. Net financials are recognised in the profit and loss account with the amounts concerning the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

THE BALANCE SHEET

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accounting policies used

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2016	2015
	Gross loss	**-14.393.708**	**-8.496.428**
1	Staff costs	-8.213.848	-3.857.112
	Depreciation and writedown relating to tangible fixed assets	-213.456	-211.039
	Operating profit	**-22.821.012**	**-12.564.579**
	Other financial income	76.523	3.541
	Other financial costs	-74.112	-33.608
	Results before tax	**-22.818.601**	**-12.594.646**
2	Tax on ordinary results	4.556.344	2.790.376
	Results from ordinary activities after tax	**-18.262.257**	**-9.804.270**
	Results for the year	**-18.262.257**	**-9.804.270**
	Proposed distribution of the results:		
	Allocated from results brought forward	-18.262.257	-9.804.270
	Distribution in total	**-18.262.257**	**-9.804.270**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2016	2015
	Fixed assets		
3	Other plants, operating assets, and fixtures and furniture	350.305	563.761
	Tangible fixed assets in total	350.305	563.761
	Deposits	63.223	11.719
	Financial fixed assets in total	63.223	11.719
	Fixed assets in total	**413.528**	**575.480**
	Current assets		
4	Receivable corporate tax	4.556.344	2.790.376
	Other debtors	1.117.713	522.596
	Accrued income and deferred expenses	29.929	8.903
	Debtors in total	5.703.986	3.321.875
	Available funds	33.668.393	13.390.617
	Current assets in total	**39.372.379**	**16.712.492**
	Assets in total	**39.785.907**	**17.287.972**

Balance sheet 31 December

All amounts in DKK.

Note	Equity and liabilities	2016	2015
	Equity		
5	Contributed capital	3.594.496	1.849.327
6	Share premium account	0	0
7	Results brought forward	10.459.834	-313.826
	Equity in total	**14.054.330**	**1.535.501**
	Liabilities		
8	Convertible and profit-sharing debt instruments	19.862.892	10.965.518
	Long-term liabilities in total	19.862.892	10.965.518
	Bank debts	53.655	4.728
	Trade creditors	2.545.710	1.414.901
	Other debts	2.000.623	1.064.235
	Accrued expenses and deferred income	1.268.697	2.303.089
	Short-term liabilities in total	5.868.685	4.786.953
	Liabilities in total	**25.731.577**	**15.752.471**
	Equity and liabilities in total	**39.785.907**	**17.287.972**

9 Contingencies

Notes

All amounts in DKK.

		2016	2015
1.	**Staff costs**		
	Salaries and wages	7.662.445	3.692.358
	Pension costs	39.165	6.030
	Other costs for social security	54.068	36.854
	Other staff costs	458.170	121.870
		8.213.848	**3.857.112**
2.	**Tax on ordinary results**		
	Tax of the results for the year	-4.556.344	-2.790.376
		-4.556.344	**-2.790.376**

		31/12 2016	31/12 2015
3.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2016	1.067.279	922.279
	Additions during the year	0	145.000
	Cost 31 December 2016	**1.067.279**	**1.067.279**
	Depreciation and writedown 1 January 2016	-503.518	-292.479
	Depreciation for the year	-213.456	-211.039
	Depreciation and writedown 31 December 2016	**-716.974**	**-503.518**
	Book value 31 December 2016	**350.305**	**563.761**
4.	**Receivable corporate tax**		
	Receivable corporate tax 1 January 2016	2.790.376	1.910.206
	Paid corporate tax concerning last year	-2.790.376	-1.910.206
	Calculated corporate tax for the present year	4.556.344	2.790.376
		4.556.344	**2.790.376**

Notes

All amounts in DKK.

		31/12 2016	31/12 2015
5.	**Contributed capital**		
	Contributed capital 1 January 2016	1.849.327	1.313.022
	Cash capital increase	1.239.070	0
	Debt conversion, capital increase	506.099	536.305
		3.594.496	**1.849.327**

Within the latest 5 years, the following changes in the share capital have taken place:

Share capital 1 January 2012	361.428
Cash capital increase 23 May 2013	285.714
Cash capital increase 14 April 2014	231.600
Debt conversion, capital increase 11 May 2015	536.305
Cash capital increase 23 December 2015	434.280
Cash capital increase 14 October 2016	434.280
Cash capital increase 28 October 2016	804.790
Debt conversion, capital increase 21 December 2016	506.099
	3.594.496

		31/12 2016	31/12 2015
6.	**Share premium account**		
	Share premium account for the year	29.035.917	6.971.965
	Disposed to results brought forward	-29.035.917	-6.971.965
		0	**0**

7.	**Results brought forward**		
	Results brought forward 1 January 2016	-313.826	2.518.479
	Profit or loss for the year brought forward	-18.262.257	-9.804.270
	Disposed from share premium account	29.035.917	6.971.965
		10.459.834	**-313.826**

Notes

All amounts in DKK.

8. Liabilities

	Instalments first year	Outstanding debt after 5 years	Debt in total 31 Dec 2016	Debt in total 31 Dec 2015
Convertible and profit-sharing debt instruments	0	0	19.862.892	10.965.518
	0	**0**	**19.862.892**	**10.965.518**

9. Contingencies

Contingent assets

A deferred tax asset of TDKK 1.549 has not been recognized due to uncertainty regarding the timeline for future usage.

Contingent liabilities

Interest of the convertible loan will be calculated if the loan will be repaid and is not converted into shares. The interes amount to TDKK 992 per 31 December 2016.