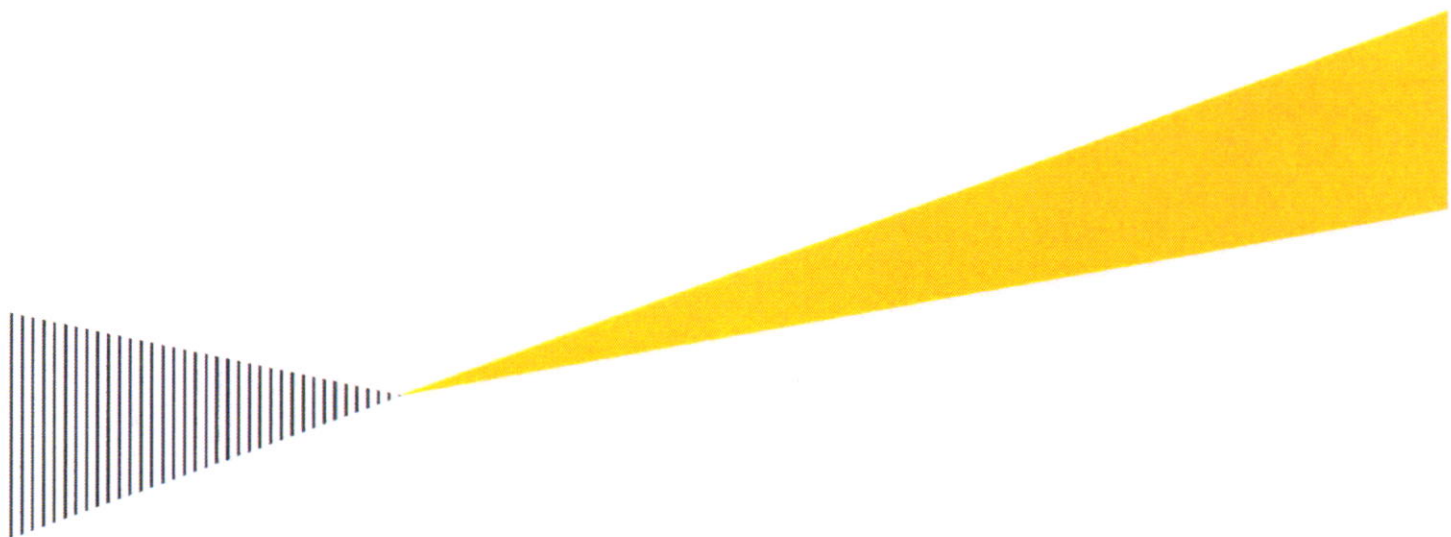


LevOss ApS

Ole Maaløes Vej 3, 2200 Copenhagen N

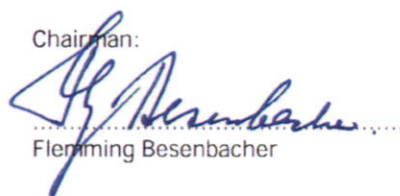
CVR no. 34 09 42 76



Annual report 2015

Approved at the annual general meeting of shareholders on 4 May 2016

Chairman:



Flemming Besenbacher



Building a better
working world



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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of LevOss ApS for the financial year 1 January - 31 December 2015.

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company'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, 4 May 2016
Executive Board:



Mai-Britt Zocca
CEO

Board of Directors:

Flemming Besenbacher
Chairman

Jens Vinge Nygaard

Marie-Louise Little

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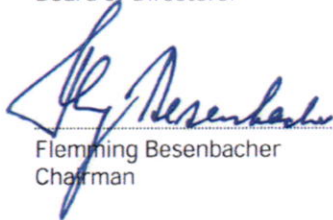
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We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 4 May 2016
Executive Board:

Mai-Britt Zocca
CEO

Board of Directors:



Flemming Besenbacher
Chairman

Jens Vinge Nygaard

Marie-Louise Little



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Copenhagen, 4 May 2016
Executive Board:

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Mai-Britt Zocca
CEO

Board of Directors:

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

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the Company'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, 4 May 2016
Executive Board:

Mai-Britt Zocca
CEO

Board of Directors:

Flemming Besenbacher
Chairman

Jens Vinge Nygaard



Marie-Louise Little

Independent auditors' report

To the shareholders of LevOss ApS

Independent auditors' report on the financial statements

We have audited the financial statements of LevOss ApS for the financial year 1 January - 31 December 2015, 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.

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 and 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 regulations. 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 Company's 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 Company'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 Company'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, 4 May 2016
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR No. 30 70 02 28

A handwritten signature in black ink, appearing to read 'C. Schwenn Johansen', is written over a horizontal line. The signature is fluid and cursive.

Christian Schwenn Johansen
State Authorised Public Accountant



Management's review

Company details

Name	LevOss ApS
Address, Postal code, City	Ole Maaløes Vej 3, 2200 Copenhagen N
CVR No.	34 09 42 76
Established	22 December 2011
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	www.levoss.com
E-mail	mbz@LevOss.com
Telephone	+45 21 94 78 56
Board of Directors	Flemming Besenbacher, Chairman Jens Vinge Nygaard Marie-Louise Little
Executive Board	Mai-Britt Zocca, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvold Helmuhs Vej 4, P O Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank

Management's review

Operating review

The Company's business review

LevOss is an early-stage biotech company engaging primarily in research within the field of regeneration of human bone and cartilaginous tissue. Musculoskeletal disorders are the most common cause of severe prolonged pain and physical disability, affecting millions of people across the world.

The Company's mission is to produce bioactive scaffolds for bone and cartilage regeneration as a combination of these two types of tissue often provides the most effective treatment.

The Company's activity is under termination due to its decision to liquidate.

Financial review

The income statement for 2015 shows a loss of DKK 987,247 against a loss of DKK 1,130,630 last year, and the balance sheet at 31 December 2015 shows equity of DKK 287,160.

Post balance sheet events

Based on the CartigenPro steering group meeting, the Board of Directors decided in December 2015 to terminate the Company's research activity and pursue a solvent liquidation.

Employees have been given notice and will resign at the expiry of their notice periods.

The Company's rent agreement has been transferred to another Company by end of January 2016.

At end-December 2015, the Company's cash and cash equivalents amounted to approximately DKK 195,000.

The Company's 2016 operations will be financed through cash and cash equivalents and tax credits arising from research and development activities conducted during 2015 (Act no. 791 of 28 June 2013).

On this basis, Management assesses that the Company has sufficient funds to meet its operational requirements through 2016.

Management expects the Company to be liquidated by end-2016.

No further significant events have occurred subsequent to the financial year.

Reference is made to note 2 for more details.

Financial statements for the period 1 January - 31 December

Income statement

Note	DKK	2015	2014
	Administrative expenses	-238,236	-236,879
	Ordinary operating profit/loss	-238,236	-236,879
	Research costs	-930,660	-1,107,028
	Operating profit/loss	-1,168,896	-1,343,907
	Financial expenses	-4,236	-4,047
	Profit/loss before tax	-1,173,132	-1,347,954
	Tax for the year	185,885	217,324
	Profit/loss for the year	<u>-987,247</u>	<u>-1,130,630</u>
	Proposed profit appropriation/distribution of loss	-987,247	-1,130,630
	Retained earnings/accumulated loss	<u>-987,247</u>	<u>-1,130,630</u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2015</u>	<u>2014</u>
	ASSETS		
	Non-current assets		
	Investments		
	Deposits, investments	14,542	10,000
		<u>14,542</u>	<u>10,000</u>
	Total non-current assets	<u>14,542</u>	<u>10,000</u>
	Current assets		
	Receivables		
	Income taxes receivable	185,885	217,324
	Other receivables	58,149	90,119
	Prepayments	0	21,800
		<u>244,034</u>	<u>329,243</u>
	Cash	<u>195,353</u>	<u>1,095,617</u>
	Total current assets	<u>439,387</u>	<u>1,424,860</u>
	TOTAL ASSETS	<u><u>453,929</u></u>	<u><u>1,434,860</u></u>

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	<u>2015</u>	<u>2014</u>
	EQUITY AND LIABILITIES		
	Equity		
3	Share capital	118,108	118,108
	Retained earnings	169,052	1,156,299
	Total equity	<u>287,160</u>	<u>1,274,407</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Bank debt	7,765	3,084
	Trade payables	53,819	22,067
	Payables to shareholders and Management	288	288
	Other payables	104,897	135,014
		<u>166,769</u>	<u>160,453</u>
	Total liabilities other than provisions	<u>166,769</u>	<u>160,453</u>
	TOTAL EQUITY AND LIABILITIES	<u>453,929</u>	<u>1,434,860</u>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 4 Collateral
- 5 Contractual obligations and contingencies, etc.

Financial statements for the period 1 January - 31 December**Statement of changes in equity**

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2015	118,108	1,156,299	1,274,407
Profit/loss for the year	0	-987,247	-987,247
Equity at 31 December 2015	<u>118,108</u>	<u>169,052</u>	<u>287,160</u>

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of LevOss ApS for 2015 has been presented in accordance with the provisions of the Danish Financial Statements Act as regards reporting class B enterprises.

The accounting policies applied by the company 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.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Public grants

Public grants given to cover research expenses are recognised in the income statement under the financial statement item "Research costs" once it is probable that all criteria for receiving the grant are satisfied.

Grants which must be repaid under certain circumstances are recognised only to the extent that they are not expected to be repaid.

Income statement

Administrative expenses

Administrative expenses include expenses incurred in the year for purposes of managing and administering the company, including expenses relating to administrative staff, management and office premises.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Research costs

Research and development costs include salary, patent, consultancy fee and clinical trial costs.

The company recognises all research costs in the income statement for the year in which they incurred.

Financial expenses

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

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.

Tax of the year includes tax credits for costs incurred in the connection with research and development activities under the Danish Tax Credit Regime.

Balance sheet

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value. An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired, in which case the carrying amount is reduced to the net realisable value.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities which are subject to an insignificant risk of changes in value.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Tax credits from research and development expenditures are recognized in the balance sheet as tax receivables.

Other payables

Other payables are measured at net realisable value.

2 Events after the balance sheet date

Based on the CartigenPro steering group meeting, the Board of Directors decided in December 2015 to terminate the Company's research activity and pursue a solvent liquidation.

Employees have been given notice and will resign at the expiry of their notice periods.

The Company's rent agreement has been transferred to another Company by end of January 2016.

At end-December 2015, the Company's cash and cash equivalents amounted to approximately DKK 195,000.

The Company's 2016 operations will be financed through cash and cash equivalents and tax credits arising from research and development activities conducted during 2015 (Act no. 791 of 28 June 2013).

On this basis, Management assesses that the Company has sufficient funds to meet its operational requirements through 2016.

Management expects the Company to be liquidated by end-2016.

No further significant events have occurred subsequent to the financial year.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK	2015	2014
3 Share capital		
The share capital consists of the following:		
80,000 A- shares of DKK 1.00 each	80,000	80,000
38,108 B- shares of DKK 1.00 each	38,108	38,108
	118,108	118,108

Analysis of changes in the share capital over the past 4 years:

DKK	2015	2014	2013	2012
Opening balance	118,108	106,788	93,394	93,394
Capital increase	0	11,320	13,394	0
	118,108	118,108	106,788	93,394

4 Collateral

The Company has not placed any assets or other as security for loans at 31 December 2015.

5 Contractual obligations and contingencies, etc.

Other contingent liabilities

DKK	2015	2014
Other contingent liabilities	15,086	31,569
	15,086	31,569

Other contingent liabilities include the Company's obligations related to lease agreements.