

Icepharma AS

Hovedgaden 55 D , 2
2970 Hørsholm

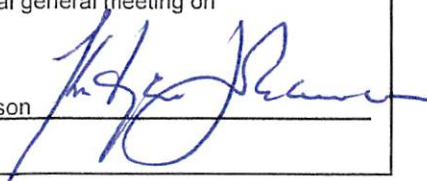
CVR no. 36 39 34 59

Annual report 2016

The annual report was presented and approved at the
Company's annual general meeting on

29 May 2017

Kristján Johannsson
chairman

A handwritten signature in blue ink, appearing to read 'Kristján Johannsson', is written over a horizontal line. The signature is stylized and cursive.

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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 Icepharma AS for the financial year 1 January – 31 December 2016.

The annual report has been 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 assets, liabilities and financial position at 31 December 2016 and of the results of the Company's operations for the financial year 1 January – 31 December 2016.

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.

Hørsholm, 29 May 2017

Executive Board:



Hörður Þórhallsson

Board of Directors:



Kristján Johannsson
Chairman



Bessi Húnfjörð
Jóhannesson



Margrét
Guðmundsdóttir



Independent auditor's report

To the shareholder of Icepharma AS

Opinion

We have audited the financial statements of Icepharma AS for the financial year 1 January – 31 December 2016 comprising income statement, balance sheet and notes, including 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 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 – 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 (ISAs) and the 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 our report. We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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

- identify and assess the risks of material misstatement of the company 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 Company'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 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 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.



Independent auditor's report

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, 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's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, 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 conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 29 May 2017

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Per Ejlsing
State Authorised
Public Accountant

Icepharma AS
Annual report 2016
CVR no. 36 39 34 59

Management's review

Company details

Icepharma AS
Hovedgaden 55 D , 2
2970 Hørsholm

Telephone:	40544575
CVR no.:	36 39 34 59
Established:	30 September 2014
Registered office:	Hørsholm
Financial year:	1 January – 31 December

Board of Directors

Kristján Johannsson, Chairman
Bessi Húnfjörð Jóhannesson
Margrét Guðmundsdóttir

Executive Board

Hörður Þórhallsson

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 København Ø

Management's review

Operating review

Principal activity

The primary activity is sale of pharmaceutical products and services.

Development in the year

The Company realised as expected a loss in 2016 as the Company is still in a start up phase. In 2016, the loss before tax was DKK 3,770 thousand compared to a loss of DKK 4,519 thousand in the year before.

The Company is financed by loan and other financial support from group companies.

After the loss for the year of DKK 3,770 thousand and receipt of a grant from other group companies of DKK 4,630 thousand to support the start up the Company, the equity amounts to DKK 188 thousand.

The Company has obtained a letter of support from the parent company which, in the opinion of the Executive Board and the Board of Directors will be sufficient to secure sufficient financing of the activities for the next 12 months.

The financial statements for 2016 have therefore been prepared on the basis of going concern.

Subsequent event

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 1 January – 31 December

Income statement

DKK	Note	1. jan – 31. dec 2016	30. sep 2014 – 31. dec 2015
Gross profit		2,183,745	433,664
Staff costs	2	-5,929,701	-4,951,582
Loss before financial income and expenses		-3,745,956	-4,517,918
Financial income		3,322	1,479
Financial expenses		-26,908	-2,685
Loss before tax		-3,769,542	-4,519,124
Tax on loss for the year		0	0
Loss for the year		-3,769,542	-4,519,124

Proposed distribution of profit

Retained earnings	-3,769,542	-4,519,124
	-3,769,542	-4,519,124

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	2016	2015
ASSETS			
Current assets			
Stocks			
Finished goods and goods for resale		0	120,686
		0	120,686
Receivables			
Trade receivables		1,367,147	541,008
Other receivables		34,528	165,992
		1,401,675	707,000
Cash at bank and in hand		139,344	120,706
Total current assets		1,541,019	948,392
TOTAL ASSETS		1,541,019	948,392
EQUITY AND LIABILITIES			
Equity	3		
Share capital		500,000	500,000
Retained earnings		-312,180	-1,172,736
Total equity		187,820	-672,736
Liabilities other than provisions			
Current liabilities other than provisions			
Prepayments received from customers		0	162,000
Trade payables		307,399	253,596
Other payables		1,045,800	1,205,532
		1,353,199	1,621,128
Total liabilities other than provisions		1,353,199	1,621,128
TOTAL EQUITY AND LIABILITIES		1,541,019	948,392
Disclosure of material uncertainties regarding going concern	4		
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Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Icepharma AS for 2016 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

As from 1 January 2016, the Company has implemented Act no. 738 of 1 June 2015. This has entailed the following changes to recognition and measurement:

The changes have no monetary effect on the income statement or the balance sheet for 2016 or for the comparative figures for 2015.

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

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 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 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

Revenue

Income from the sale of goods and services, is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place, the income may be reliably measured and is expected to be received.

Revenue is measured at fair value of the agreed remuneration excluding VAT and taxes charged on behalf of third parties. All forms of discounts granted are deducted from revenue.

To the extent that customers have the right to return goods received, revenue is recognised based on the Company's past record with returns. If the Company does not have a past record with similar transactions, revenue is recognised upon expiry of the period for returning the goods.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Expenses for raw materials and consumables

Expenses for raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Other external costs also comprise research and development costs that do not qualify for capitalisation.

Staff costs

Staff costs comprise salaries and wages, including holiday allowance, pension and other social security costs, etc., to the Company's employees excluding refunds from public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial items comprise interest income and interest expense, costs of finance leases as well as realised and unrealised gains and losses on securities, payables and transactions in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit/loss for the year

The Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The Company is included in the joint taxation from the date of takeover when they are included in the consolidated financial statements until the date of disposal when they exit the consolidation.

Tax for the year comprises current tax and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Inventories

Inventories are measured at cost in accordance with the FIFO method. Inventories are

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

written down to the lower of net realisable value and cost.

Goods for resale and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as direct production costs. Indirect production overheads and borrowing costs are not recognised in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost, which corresponds to nominal value. The value is reduced by write-down for bad debts.

Equity

Dividends

Proposed dividends are recognised as equity at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised on 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.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement and in equity.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities are measured at net realisable value.

2 Staff costs

DKK	1. jan – 31. dec 2016	30. sep 2014 – 31. dec 2015
Wages and salaries	5,412,907	4,520,014
Pensions	462,081	415,600
Other social security costs	54,713	15,968
	<u>5,929,701</u>	<u>4,951,582</u>
Average number of full-time employees	<u>5</u>	<u>5</u>

Financial statements 1 January – 31 December

Notes

3 Equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2016	500,000	-1,172,736	-672,736
Grants from parent company	0	4,630,098	4,630,098
Net loss for the year	0	-3,769,542	-3,769,542
Equity at 31 December 2016	500,000	-312,180	187,820

There have been no changes in the share capital during the last five years.

The share capital consists of 500,00 shares of a nominal value of DKK 1. No shares carry any special rights

4 Disclosure of material uncertainties regarding going concern

The Company is financed by loan and other financial support from group companies.

After the loss for the year of DKK 3,770 thousand and receipt of a grant from other group companies of DKK 4,630 thousand to support the start up the Company, the equity amounts to DKK 188 thousand.

The Company has obtained a letter of support from the parent company which in the opinion of the Executive Board and the Board of Directors, will be sufficient to secure sufficient financing of the activities for the next 12 months.

The financial statements for 2016 have therefore been prepared on the basis of going concern.

5 Related party disclosures

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Eignarhaldsfélagið Lyng ehf, Iceland