Golgi ApS

CVR No 37 40 79 76

Nymøllevej 78
DK-2800 Kgs. Lyngby

Annual report for

1 January 2017 - 31 December 2017

The Annual Report was presented and adopted at the Annual General Meeting of the Company on:

1 March 2018

Chairman

Søren Bjørn Hansen

Contents

Company Information

The company	Golgi ApS Nymøllevej 78 DK-2800 Kgs. Lyngby CVR No: 37 40 79 76 Municipality of reg. office: Copenhagen Telephone: + 45 82 30 30 82 Website: www.golgi.dk E-mail: golgi@golgi.dk
Board of Directors	Søren Bjørn Hansen, Chairman Bo Løkke Karmark, Vice Chairman Per Amstrup Pedersen
Executive Board	Torsten Høybye Bak Regueira
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

Golgi is developing a large-scale aquaporin production facility from the Company's first product, aquaporin-Z.

During 2017, the Management had the overall focus and objective of developing Golgi as a production company rooted in R&D. The technological focus was therefore on up-scaling the production and the commercial and business development to secure a robust supply of aquaporin-Z.

In December 2017 the parent company Aquaporin A/S acquired the remaining 49% of the shares in Golgi ApS thus Golgi ApS now is a 100% owned subsidiary of Aquaporin A/S.

Following the share purchase Aquaporin A/S, also in December 2017, acquired the activities of Golgi ApS.

Hereafter Golgi ApS is without activity and expected liquidated in the near future.

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Golgi Aps for the financial year 1 January 2017 to 31 December 2017.

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 financial position at 31 December 2017 of the Company and of the result of the Company operations for the financial year 1 January 2017 to 31 December 2017.

In our opinion, Management's review includes a true and fair account of developments in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.
We recommend that the Annual Report be adopted at the Annual General Meeting.

Kgs. Lyngby, 1 March 2018

Executive Board

Torsten Høybye Bak Regueira
CEO

Board of Directors

Søren Bjørn Hansen Chairman	Bo Løkke Karmark Vice Chairman	Per Amstrup Pedersen

Independent Auditor's Report

To the Shareholders of Golgi ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Golgi ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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 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.

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 judgment and maintain professional skepticism throughout the audit. We also:

- 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 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.

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.

Hellerup, 1 March 2018

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Mikkel Sthyr	René Otto Poulsen
State Authorised Public Accountant	State Authorised Public Accountant
MNE: 26693	MNE: 26718

Statement of profit and loss

	Note	01.01.2017- 31.12.2017 DKK	01.01.2016- 31.12.2016 DKK
Sales and distribution costs	2	0	0
Research and development costs	2	0	(4.424.261)
Administrative costs	2	0	0
Other operating income		0	3.223.467
Operating loss		**0**	**(1.200.794)**
Finance income		0	35.126
Finance costs		0	(38.011)
Profit before income tax		**0**	**(1.203.679)**
Income tax benefit /(loss)		0	263.914
Loss for the period for continuing activity		**0**	**(939.765)**
Profit for the year from discontinuing activity	3	**5.699.014**	**0**
Profit for the year		**5.699.014**	**(939.765)**

Distribution of profit and loss

Dividends to shareholders	12.159.207	0
Transferred profit/(loss)for the year	(6.460.193)	(939.765)
	5.699.014	**(939.765)**

Balance sheet 31 December 2017

	Notes	31.12.2017 DKK	31.12.2016 DKK
Machinery		0	7.157.830
Other equipment		0	48.702
Tangible assets		**0**	**7.206.532**
Deposits		0	17.717
Deferred tax assets		0	263.914
Other non-current assets		**0**	**281.631**
Total non-current assets		**0**	**7.488.163**
Other receivables		0	3.216.868
Prepayments		0	151.381
Receivables		**0**	**3.368.249**
Cash and cash equivalents		**14.888.644**	**6.616.666**
Total current assets		**14.888.644**	**9.984.915**
Total assets		**14.888.644**	**17.473.078**

Balance Sheet 31 December 2017

	Note	31.12.2017 DKK	31.12.2016 DKK
Share capital		128.206	128.206
Retained earnings		21.794	6.481.987
Dividends for shareholders		12.159.207	0
Total equity		**12.309.207**	**6.610.193**
Trade payables		0	6.188.839
Intercompany		1.238.602	430.106
Other payables		1.340.835	244.956
Prepayments		0	3.998.984
Total current liabilities		**2.579.437**	**10.862.885**
Total liabilities		**2.579.437**	**10.862.885**
Total equity and liabilities		**14.888.644**	**17.473.078**
Commitment & contingent liabilities	4		
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Statement of changes in equity

	Share capital DKK	Retained earnings DKK	Dividends for shareholders DKK	Total equity DKK
Equity 01.01.2017	128.206	6.481.987	0	6.610.193
Profit for the period		5.699.014		5.699.014
Dividends for shareholders	0	(12.159.207)	12.159.207	0
Balance at 31.12.2017	**128.206**	**21.794**	**12.159.207**	**12.309.207**

Note 1. Accounting policies
Basis of Preparation

Financial Statements of Golgi ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with choice of few rules in reporting class C.

Financial Statements for 2017 are presented in DKK, while the financial statements for 2016 was prepared in DKK thousands. The comparative numbers for 2016 have been converted to DKK.

Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

Assets are recognized in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income Statement

Gross profit/loss

Gross margin' consists of grants and support net of other external expenses.

Government grants comprise grants for investments, research and development projects, etc. Grants are recognized when there is a reasonable certainty that they will be received.

Grants for investments are accrued and the release follows the useful lives. Other grants are recognized in the income statement as other income.

Profit for the year for discontinuing activity consist profit from sales of activity to the parent company, Aquaporin A/S at the end of December 2017.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses comprise amortization, depreciation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognized in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment 3-8 years

The total net revaluation of investments in associates is transferred upon distribution of profit to

"Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in associates.

Receivables

Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognized in the income statement in financial income and expenses.

Financial debts

Other debts are measured at amortized cost, substantially corresponding to nominal value.

	01.01.2017-31.12.2017	01.01.2016-31.12.2016
Note 2. Staff		
Average number of full time employees	7	4

Note 3. Profit for the year from discontinuing activities

Result of ordinary activities	(5.730.230)
Profit from sale of activity	13.019.819
Result before tax	7.289.589
Tax	(1.590.575)
	5.699.014

The company has sold all activities and production facility of aquaporin-Z to Aquaporin A/S end of december 2017.

Note 4. Commitments and contingent liabilities

Operating leases
Rental and leasing commitments related to non-cancelable operating lease contracts expire within the following periods form the reporting date:

Operating lease commitments:	**31.12.2017 DKK**	**31.12.2016 DKK**
Due within 1 year	0	552.011
Due between 1 and 5 years	0	0
Due after 5 years	0	0
	0	**552.011**
The following amounts have been recognized in the income statement for Golgi ApS in respect of operating leases and rentals	**1.200.000**	**900.000**

Lease commitments relate primarily to office rental and there are no pending court and arbitration cases.

The analysis is based on all undiscounted cash flows including estimated interest payments and expected installments on loans. The estimates on interests are based on current market conditions.

The Group companies are jointly and severally liable for the consolidated taxable income, etc., including Danish withholding taxes in the form of dividend tax, royalty tax and withholding tax. Any subsequent corrections in corporate taxes and withholding taxes may result the company's tax-liability will represent a greater amount.

Note 5. Related parties

Golgi ApS is included in the consolidated financial statement for the parent company Aquaporin A/S, Nymøllevej 78, DK-2800 Kongens Lyngby, which is the only and ultimately parent company.