

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**Amendment No. 2
to
FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Ascendis Pharma A/S

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

The Kingdom of Denmark
(State or other jurisdiction of
incorporation or organization)

2834
(Primary Standard Industrial
Classification Code Number)

NOT APPLICABLE
(I.R.S. Employer
Identification Number)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum aggregate offering price per share(2)	Proposed maximum aggregate offering price(2)	Amount of registration fee(3)
Ordinary shares, DKK 1 nominal value per share(4)	5,750,000	\$18.00	\$103,500,000.00	\$12,026.70

(1) Includes additional shares, represented by American Depositary Shares, or ADSs, that the underwriters have the option to purchase.

(2) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rules 457(a) under the Securities Act of 1933, as amended.

(3) Registration fees totaling \$12,026.70 were previously paid in connection with the initial filing of this registration statement.

(4) Each ADS represents one ordinary share. ADSs issuable upon deposit of the ordinary shares registered hereby are being registered pursuant to a separate registration statement on Form F-6.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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EXPLANATORY NOTE

This Amendment No. 2 to the Registration Statement on Form F-1 (File No. 333-201050) is to register an offering of American Depositary Shares, or ADSs, representing our ordinary shares in lieu of an offering of our ordinary shares.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any U.S. state or other jurisdiction where the offer or sale is not permitted.

Subject to Completion
Preliminary Prospectus dated January 26, 2015

PROSPECTUS

**5,000,000 American Depositary Shares
Representing 5,000,000 Ordinary Shares**



Ascendis Pharma A/S

This is an initial public offering of American Depositary Shares, or ADSs, representing ordinary shares of Ascendis Pharma A/S. We are offering 5,000,000 ADSs. Each ADS will represent one issued ordinary share.

We expect the public offering price to be between \$16.00 and \$18.00 per ADS. Currently, no public market exists for the ADSs or our ordinary shares. We have applied to have the ADSs listed on The NASDAQ Global Market under the symbol "ASND."

We are an "emerging growth company" as defined by the Jumpstart Our Business Startups Act of 2012, and as such, will be subject to reduced public company reporting requirements for this prospectus and future filings.

Investing in the ADSs involves risks that are described in the "[Risk Factors](#)" section beginning on page 12 of this prospectus.

	<u>Per ADS</u>	<u>Total</u>
Price to the public	\$	\$
Underwriting commission(1)	\$	\$
Proceeds, before expenses, to us	\$	\$

(1) We have agreed to reimburse the underwriters for certain expenses. See "Underwriting."

The underwriters may also exercise their option to purchase up to an additional 750,000 ADSs from us, at the public offering price, less underwriting commission, for 30 days after the date of this prospectus.

Neither the Securities and Exchange Commission, any U.S. state securities commission, the Danish Financial Supervisory Authority, nor any other foreign securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Certain of our existing institutional investors, including investors affiliated with certain of our board members, have indicated an interest in purchasing an aggregate of approximately \$22.0 million of the ADSs in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase ADSs, these investors may determine to purchase more or fewer ADSs than they indicate an interest in purchasing or not to purchase any ADSs in this offering. In addition, the underwriters could determine to sell more or fewer ADSs to any of these investors than the investors indicate an interest in purchasing or not to sell any ADSs to these investors.

The ADSs will be ready for delivery on or about _____, 2015.

Joint Book-Running Managers

BofA Merrill Lynch

Leerink Partners

Wells Fargo Securities

The date of this prospectus is _____, 2015.

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Neither we nor the underwriters have authorized anyone to provide you with information that is different from that contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters are offering to sell ADSs and seeking offers to purchase ADSs only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date on the front of this prospectus, regardless of the time of delivery of this prospectus or any sale of ADSs.

Until _____, 2015 (the 25th day after the date of this prospectus), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

For investors outside of the United States: Neither we nor any of the underwriters have taken any action to permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

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Ascendis is a trademark of ours that we use in this prospectus. This prospectus also includes trademarks, tradenames, and service marks that are the property of other organizations. Solely for convenience, our trademark and tradenames referred to in this prospectus appear without the ® and ™ symbol, but those references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or the right of the applicable licensor to our trademark and tradenames.

PRESENTATION OF FINANCIAL INFORMATION

We maintain our books and records in euros and report under International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB. None of the consolidated financial statements in this prospectus were prepared in accordance with generally accepted accounting principles in the United States.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider in making your investment decision. Before deciding to invest in the ADSs, you should read this entire prospectus carefully, including the sections of this prospectus entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements contained elsewhere in this prospectus. Unless the context otherwise requires, references in this prospectus to the “company,” “Ascendis Pharma,” “we,” “us” and “our” refer to Ascendis Pharma A/S and its subsidiaries. In this prospectus, references to “DKK” are to Danish kroner, the lawful currency of the Kingdom of Denmark and references to “EUR” and “€” are to euros, the official currency of the European Central Bank.

Overview

We are a clinical stage biopharmaceutical company applying our TransCon technology to develop a pipeline of long-acting prodrug therapies with best-in-class profiles to address large markets with significant unmet medical needs. We are developing our lead product candidate, TransCon human growth hormone, or TransCon hGH, for once-weekly administration to treat growth hormone deficiency, or GHD, and other indications. We have successfully completed a Phase 2 study of TransCon hGH in adults with GHD and have fully enrolled our ongoing six-month Phase 2 study in children with GHD. In December 2014, we reported positive interim six-month height velocity data from 25 patients, representing approximately 50% of the total enrollment in the study, completing all six months of treatment, and we expect to report topline data for all patients in this study in mid-2015. Using our TransCon technology, we have established a new paradigm that combines the benefits of conventional prodrug and sustained release technologies, and is broadly applicable to proteins, peptides and small molecules. In addition to TransCon hGH, we have developed a pipeline of long-acting prodrug product candidates such as TransCon Treprostinil, currently in a Phase 1 clinical proof-of-concept study, for the treatment of pulmonary arterial hypertension, or PAH, TransCon Insulin, for the treatment of diabetes, partnered with Sanofi, and TransCon Ranibizumab, in the field of ophthalmology, partnered with Genentech.

TransCon hGH is a prodrug that releases unmodified growth hormone and thus maintains the same mode of action as currently prescribed daily hGH therapies, which we believe reduces clinical and regulatory risk. In December 2014, we reported the results of an interim analysis consisting of 25 patients, representing approximately 50% of the total enrollment in the study, completing all six months of treatment. Mean annualized height velocities from this analysis among the three dosing levels administered weekly ranged from 11.9 cm for the 0.14 mg/kg/week dose to 14.5 cm for the 0.30 mg/kg/week dose, which were comparable to 11.5 cm for the active comparator, daily injections of Genotropin® at a 0.21 mg/kg/week dose.

GHD is a serious orphan disease that affects both children and adults. Children with GHD are characterized by short stature, metabolic abnormalities, cognitive deficiencies and poor quality of life. GHD in adults is associated with premature mortality, increased adiposity, or fat mass, as well as psychiatric-cognitive, cardiovascular, muscular, metabolic and skeletal abnormalities. hGH is used for the long-term treatment of children and adults that fail to secrete adequate amounts of endogenous growth hormone.

The use of recombinant hGH was introduced in 1981, and since then many of the world’s largest pharmaceutical companies have developed and now market daily growth hormone injections. Since the 1990s, the pharmaceutical industry has employed various approaches to develop long-acting growth hormone products to reduce the patient burden of daily injections and increase patient compliance with the dosing regimen. To date, regulatory authorities have approved only two long-acting growth hormone products, each of which utilize unmodified growth hormone as the active drug substance. Neither of these products has achieved commercial success, due to manufacturing, regulatory, efficacy safety and/or tolerability reasons associated with the sustained release technology.

TransCon prodrugs predictably release unmodified active parent drugs and may offer advantages that include superior efficacy, safety, tolerability and compliance, including less frequent dosing and the ability to switch patients to subcutaneous injections from burdensome continuous infusions. We believe that our TransCon technology has been validated by the clinical development of our Phase 2 product candidate, TransCon hGH, and the ongoing clinical development of our Phase 1 product candidate, TransCon Treprostinil for the treatment of PAH, as well as by our multi-product collaborations with Sanofi and Genentech.

As of September 30, 2014, we have received approximately €69 million of non-dilutive financing from collaboration partners for up-front technology licensing fees, assignment of certain intellectual property rights and for services rendered. Additionally, we are eligible to receive up to an aggregate of €200 million in development and regulatory milestone payments for products currently being developed under our collaboration agreements, as well as sales-based milestone payments and royalties on future net sales of products. We hold worldwide rights to our TransCon technology and have no third-party royalty or milestone payment obligations with respect to our TransCon technology or any of our product candidates. All of our TransCon prodrugs are new molecular entities and should therefore be eligible to be granted new intellectual property rights, including new composition of matter patents.

Our Lead Proprietary Product Candidates

TransCon human Growth Hormone

Our lead product candidate is TransCon hGH for the treatment of GHD. According to Medtrack, global sales from currently marketed hGH products grew to over \$3 billion in 2013. The current standard of care for the treatment of GHD requires patients to receive daily injections over many years and this administrative burden of daily injections often results in poor patient compliance, potentially leading to suboptimal treatment outcomes. To address these unmet medical needs, we are developing TransCon hGH for once-weekly administration. Because TransCon hGH is a prodrug that releases unmodified growth hormone, TransCon hGH maintains the same mode of action as currently prescribed daily hGH therapies. Our clinical studies of TransCon hGH have demonstrated a comparable efficacy, safety, tolerability and immunogenic profile to that of daily growth hormone. If approved, TransCon hGH may reduce the burden of daily treatment by requiring significantly fewer injections, which may improve patient compliance and treatment outcomes. We have successfully completed a Phase 2 study of TransCon hGH in adults with GHD and are currently conducting a six-month Phase 2 study in children with GHD. After completion of our Phase 2 pediatric study, we plan to schedule an End of Phase 2 meeting with the FDA and the EMA, and then initiate a Phase 3 study in growth hormone deficient children in mid-2016. In addition, we are developing a pen device with Bang & Olufsen Medicom A/S for administration of TransCon hGH that is designed to be easy-to-use in the pediatric population and leverages proven technologies.

TransCon Treprostinil







We are developing TransCon Treprostinil for the treatment of PAH, a life-threatening disease characterized by elevated blood pressure in the pulmonary arteries. According to Medtrack, the worldwide market for PAH treatment exceeded \$4 billion in 2013. Treprostinil, the active agent in Remodulin® developed by United Therapeutics Corporation, or United Therapeutics, belongs to a class of drugs known as prostacyclins, and is the leading infused therapy for the treatment of PAH. TransCon Treprostinil is designed as a once-daily self-administered subcutaneous injection, offering the same efficacy as continuously infused prostacyclins with a safer and improved tolerability profile. TransCon Treprostinil is expected to offer significant advantages as compared to current infused prostacyclin therapy, including minimizing infusion site pain and the risk of bloodstream infection. In January 2015, we initiated a Phase 1 clinical proof-of-concept study of TransCon Treprostinil and we expect to report topline data in mid-2015.

Our Collaborations

In addition to our proprietary programs, we have formed multi-product collaborations with leading biopharmaceutical companies on market-leading products and in therapeutic categories that are of strategic importance to our collaboration partners. These collaborations are with Sanofi in the field of diabetes and with Genentech in the field of ophthalmology.

We entered into a collaboration with Sanofi to develop TransCon Insulin as a once-weekly diabetes therapy, and with Genentech to develop TransCon Ranibizumab, to support up to half-yearly intravitreal injections, or injections into the back of the eye, for the treatment of ophthalmic diseases such as wet age-related macular degeneration.

TransCon Product Candidate Pipeline

<u>Product Candidate</u>	<u>Primary Indication</u>	<u>Approved Parent Drug</u>	<u>Stage of Development</u>	<u>Market Size</u>	<u>Worldwide Commercial Rights</u>
TransCon Human Growth Hormone	Pediatric Growth hormone deficiency	✓	Phase 2 ongoing (Topline data expected mid-2015)	> \$3 billion	ascendispharma 
TransCon Trepstinil	Adult Growth hormone deficiency Pulmonary Arterial Hypertension	✓	Phase 2 completed Phase 1 ongoing (Topline data expected mid-2015)	> \$1 billion	ascendispharma  ascendispharma 
TransCon Insulin	Diabetes	✓	Preclinical safety completed	> \$7 billion	SANOFI 
TransCon Peptide			Preclinical	n/a	SANOFI 
TransCon Ranibizumab	Ophthalmology	✓	Preclinical	> \$5 billion	Genentech  <small>A Member of the Roche Group</small>

When we apply our TransCon technology to already approved drug compounds, we may benefit from established clinical safety and efficacy data, which we believe reduces drug development risk and may allow us to utilize expedited approval pathways provided by the FDA and European regulatory authorities. All of our TransCon prodrugs are new molecular entities and should therefore be eligible to be granted new intellectual property rights, including new composition of matter patents.

We maintain an intellectual property portfolio composed of approximately 36 issued patents and approximately 165 patent applications as of December 31, 2014, with claims directed to composition of matter, process, formulation and/or methods-of-use for our product candidates and core TransCon technology. In addition, each of our collaboration partners has granted us rights that enable us to freely commercialize all improvements to the TransCon technology developed by our collaboration partners outside of the field identified in their respective collaboration agreements.

Our TransCon Technology

Our TransCon technology enables us to create long-acting prodrug therapies with potentially significant advantages over existing marketed drug products. Conventional prodrugs are inactive, or significantly less active, forms of a parent drug that are designed to be activated only after undergoing transformation in the body, for example when enzymes cleave the parent drug from a prodrug molecule. Our TransCon technology transiently links an unmodified parent drug to a TransCon carrier via our proprietary TransCon linkers. Our TransCon linkers predictably release an unmodified active parent drug at predetermined rates governed by physiological pH and temperature conditions, supporting administration frequencies from daily up to half-yearly. TransCon

prodrugs may offer safety, efficacy and tolerability advantages over the original parent drug as compared to other technologies used to extend drug residence time in the body. Depending upon the type of TransCon carrier we employ, we can design our TransCon prodrugs to act systemically or locally in areas that are difficult to treat with conventional therapies.

Our Strategy

Our goal is to leverage our TransCon technology to create a pipeline of proprietary products and form collaborations with market-leading biopharmaceutical companies to develop new products that incorporate our TransCon technology in therapeutic areas that are of strategic importance to our collaboration partners. Key elements of our strategy to achieve this goal include:

- leverage our TransCon technology to create a pipeline of new product candidates with best-in-class therapeutic profiles in large markets;
- complete the clinical development of TransCon hGH to support regulatory approval for the treatment of GHD and other indications;
- continue to establish strategic collaborations with market-leading biopharmaceutical companies;
- pursue expedited regulatory pathways for approval and commercialization of our product candidates; and
- strengthen our leadership position in the field of long-acting prodrug technology through investments in our technology, manufacturing capabilities and know-how.

Our Senior Management Team

We are led by a team of experienced biopharmaceutical industry executives with substantial experience in the development and approval of innovative therapies with backgrounds in endocrinology and orphan diseases. Our senior management team is led by our co-founder and Chief Executive Officer, Jan Møller Mikkelsen. Most recently Mr. Mikkelsen was the President and CEO of LifeCycle Pharma A/S, now known as Veloxis Pharmaceuticals A/S, which develops pharmaceutical solutions to prevent organ rejection in kidney transplant patients as well as lipid management products. Our scientific team is led by Dr. Harald Rau, who obtained his doctorate from the University of Freiburg, and who manages our scientific operations and heads our research group. Before joining Ascendis, Dr. Rau co-founded Complex Biosystems, which was later acquired by Ascendis, where Dr. Rau headed the company's R&D division and led the development and maturation of the TransCon Linker Technology. Other members of our senior management team have discovered or developed important products and product candidates in the protein discovery field, in key roles in leading biopharmaceutical companies such as ACADIA Pharmaceuticals A/S, Genmab A/S, Veloxis Pharmaceuticals A/S, Maxygen, Inc., Novo Nordisk A/S, Transcept Pharmaceuticals, Inc. and United Therapeutics.

Risks Associated with Our Business

Our business is subject to a number of risks of which you should be aware before making an investment decision. These risks are discussed more fully in the “Risk Factors” section of this prospectus immediately following this prospectus summary. These risks include the following:

- we have a limited operating history, no products approved for commercial sale and we may incur significant losses in the future;
- we have never generated any revenue from product sales and may not be able to sustain our limited profitability;
- we may require substantial additional financing;
- we are substantially dependent on the success of our most advanced product candidates, which may not be successful in preclinical studies or clinical trials, receive regulatory approval or be successfully commercialized;
- we depend on collaboration partners to develop and conduct clinical studies with, obtain regulatory approvals for, and manufacture, market and sell our collaboration product candidates;
- clinical drug development involves a lengthy and expensive process with an uncertain outcome, and we may encounter substantial delays in our clinical studies;
- our product candidates may never achieve market acceptance or commercial success;
- our proprietary TransCon technology is a new approach to drug development and may not result in any product of commercial value; and
- our intellectual property may not be adequate to enable us to compete effectively in our market, and we may become subject to claims alleging infringement of third parties’ intellectual property rights.

Corporate Information

We were organized under the laws of the Kingdom of Denmark in September 2006 as a private limited liability company (*Anpartsselskab*, or ApS) and then transformed into a public limited liability company (*Aktieselskab*, or A/S) in December 2007. We commenced operations in December 2007 in connection with the acquisition of the company that invented our TransCon technology, Complex Biosystems GmbH. Our principal executive offices are located at Tuborg Boulevard 12, DK-2900 Hellerup, Denmark and our telephone number is +45 36 94 44 86. Our website address is www.ascendispharma.com. The information on, or that can be accessed through, our website is not part of and should not be incorporated by reference into this prospectus. We have included our website address as an inactive textual reference only.

Implications of Being an “Emerging Growth Company” and a Foreign Private Issuer

As a company with less than \$1 billion in revenue during our last fiscal year, we qualify as an “emerging growth company” as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other burdens that are otherwise applicable generally to public companies. These provisions include:

- a requirement to have only two years of audited financial statements and only two years of related Management’s Discussion and Analysis of Financial Condition and Results of Operations disclosure; and
- an exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting pursuant to the Sarbanes-Oxley Act of 2002.

We may take advantage of these provisions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than \$1 billion in annual revenue, have more than \$700 million in market value of the equity securities held by non-affiliates, or issue more than \$1 billion of non-convertible debt over a three-year period. We may choose to take advantage of some but not all of these reduced burdens, and therefore the information that we provide holders of shares and ADSs may be different than the information you might receive from other public companies in which you hold equity.

The JOBS Act permits an emerging growth company like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to “opt out” of this provision and, as a result, we will adopt new or revised accounting standards as required for public companies. This decision to opt out of the extended transition period is irrevocable.

Upon consummation of this offering, we will report under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as a non-U.S. company with foreign private issuer status. Even after we no longer qualify as an emerging growth company, as long as we qualify as a foreign private issuer under the Exchange Act we will be exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including:

- the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act;
- the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the rules under the Exchange Act requiring the filing with the Securities and Exchange Commission, or SEC, of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events.

Both foreign private issuers and emerging growth companies are also exempt from certain more stringent executive compensation disclosure rules. Thus, even if we no longer qualify as an emerging growth company, but remain a foreign private issuer, we will continue to be exempt from the more stringent compensation disclosures required of companies that are neither an emerging growth company nor a foreign private issuer.

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THE OFFERING

ADSs offered by us	5,000,000 ADSs, representing 5,000,000 ordinary shares
Ordinary shares to be outstanding after this offering	21,935,780 ordinary shares (Including 5,000,000 ordinary shares represented by the 5,000,000 ADSs issued in this offering)
Option to purchase additional ADSs	We have granted the underwriters an option, exercisable within 30 days from the date of this prospectus, to purchase up to 750,000 additional ADSs.
American Depositary Shares	Each ADS will represent one ordinary share, nominal value DKK 1 per share. As an ADS holder you will not be treated as one of our shareholders and you will not have shareholder rights. You will have the rights of an ADS holder as provided in the deposit agreement among us, the depositary and holders and beneficial owners of ADSs from time to time. To better understand the terms of the ADSs, you should Prospectus entitled "Description of American Depositary Shares." We also encourage you to read the deposit agreement, which is filed as an exhibit to the registration statement of which this prospectus form a part.
Depositary	The Bank of New York Mellon
Use of Proceeds	We estimate that the net proceeds from this offering will be approximately \$75.1 million, or approximately \$86.9 million if the underwriters exercise their option to purchase additional ADSs in full after deducting the underwriting commission and estimated offering expenses payable by us, based on an assumed initial public offering price of \$17.00 per ADS, the midpoint of the price range set forth on the cover page of this prospectus. We expect to use the net proceeds from this offering to fund our ongoing and planned clinical development of TransCon hGH, to fund TransCon Treprostinil through clinical proof of concept, to strengthen our TransCon technology and for working capital and general corporate purposes. See "Use of Proceeds" for a more complete description of the intended use of proceeds from this offering.
Risk Factors	See "Risk Factors" and other information included in this prospectus for a discussion of factors that you should consider carefully before deciding to invest in the ADSs.
Proposed symbol on The NASDAQ Global Market "ASND"	
	The number of ordinary shares to be outstanding after this offering is based on 16,935,780 ordinary shares outstanding as of December 31, 2014, and excludes the following:
	<ul style="list-style-type: none">• 1,247,644 ordinary shares issuable upon exercise of outstanding warrants with an expiration date 21 days following publication of our interim report (six-month report) in 2015 at a weighted average exercise price of €3.1720 per share (\$3.8495);

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- 1,185,676 ordinary shares issuable upon exercise of outstanding warrants with an expiration date 21 days following publication of our interim report (six-month report) in 2023 at a weighted average exercise price of €7.9962 per share (\$9.7041); and
- 566,504 ordinary shares issuable upon exercise of outstanding warrants with an expiration date 21 days following the publication of our interim report (nine-month report) in 2023 at a weighted average exercise price of €6.4775 per share (\$7.8610).

Unless otherwise indicated, the number of ordinary shares described assumes the following:

- a three-for-one bonus issuance completed on January 13, 2015;
- the conversion of all of our outstanding ordinary A, preference B, preference C and preference D shares, including the preference D shares issued in November 2014, into an aggregate of 16,935,780 ordinary shares in connection with the closing of this offering;
- the filing, registration and effectiveness of our amended and restated articles of association, which will occur in connection with the closing of this offering;
- no exercise of outstanding warrants or issuance of ordinary shares upon such exercise; and
- no exercise of the underwriters' option to purchase additional ADSs.

We refer to our preference B shares, preference C shares and preference D shares collectively as “preference shares” in this prospectus, as well as for financial reporting purposes.

Indications of Interest

Certain of our existing institutional investors, including investors affiliated with certain of our board members, have indicated an interest in purchasing an aggregate of approximately \$22.0 million of the ADSs in this offering at the initial public offering price. Assuming an initial public offering price of \$17.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, these investors would purchase an aggregate of approximately 1,294,118 of the 5,000,000 ADSs in this offering based on these indications of interest. However, because indications of interest are not binding agreements or commitments to purchase ADSs, these investors may determine to purchase more or fewer ADSs than they indicate an interest in purchasing or not to purchase any ADSs in this offering. In addition, the underwriters could determine to sell more or fewer ADSs to any of these investors than the investors indicate an interest in purchasing or not to sell any ADSs to these investors.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following tables present summary consolidated financial data for our business. We derived the summary consolidated statement of profit or loss and other comprehensive income data for the years ended December 31, 2013 and 2012 and the summary consolidated statement of financial position data as of December 31, 2013 and 2012 from our audited consolidated financial statements included elsewhere in this prospectus. We derived the summary consolidated statement of profit or loss and other comprehensive income data for the nine months ended September 30, 2014 and 2013 from our unaudited condensed consolidated interim financial statements included elsewhere in this prospectus. We maintain our books and records in euros, and prepare our audited consolidated financial statements and unaudited condensed consolidated interim financial statements in accordance with IFRS as issued by the IASB. The pro forma and pro forma as adjusted data included in the summary consolidated statement of profit or loss and other comprehensive income data and the summary of financial position data is unaudited. You should read this data together with our consolidated financial statements and related notes appearing elsewhere in this prospectus and the information under the captions “Capitalization”, “Selected Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Our historical results are not necessarily indicative of our future results, and our interim period results are not necessarily indicative of results to be expected for a full year or any other interim period. All share and per share data in this prospectus, including those relating to the warrants, gives retroactive effect to the bonus issue of shares in the ratio of 3:1 of the Company’s authorized, issued and outstanding shares, which was resolved on January 13, 2015.

Summary Consolidated Statement of Profit or Loss and Other Comprehensive Income Data:

(EUR’000, except share and per share data)	Year Ended December 31,		Nine Months Ended September 30,	
	2013 ⁽¹⁾	2012	2014	2013
Revenue	20,408	15,583	11,157	14,849
Research and development costs	(12,713)	(11,380)	(12,177)	(9,987)
General and administrative expenses	(2,416)	(2,690)	(3,908)	(1,864)
Operating profit / (loss)	5,279	1,513	(4,928)	2,998
Finance income	158	4	493	111
Finance expenses	(732)	(232)	(102)	(314)
Profit / (loss) before tax	4,705	1,285	(4,537)	2,795
Tax on profit / (loss) for the period	(626)	(35)	(83)	(970)
Net profit / (loss) for the period	4,079	1,250	(4,620)	1,825
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign operations	(6)	(51)	3	(12)
Other comprehensive income / (loss) for the period, net of tax	(6)	(51)	3	(12)
Total comprehensive income / (loss) for the period, net of tax	4,073	1,199	(4,617)	1,813
Profit / (loss) for the period attributable to owners of the Company	4,079	1,250	(4,620)	1,825
Total comprehensive income / (loss) for the period attributable to owners of the Company	4,073	1,199	(4,617)	1,813
Basic and diluted earnings/(loss) per share, preference C shares ⁽²⁾	0.49	0.14	(0.55)	0.22
Basic and diluted earnings/(loss) per share, preference B shares ⁽²⁾	—	—	—	—
Basic and diluted earnings/(loss) per share, ordinary A shares ⁽²⁾	—	—	—	—
Pro forma basic earnings/(loss) per share, ordinary shares ⁽³⁾⁽⁴⁾	0.38	—	(0.43) ⁽⁵⁾	—
Pro forma diluted earnings/(loss) per share, ordinary shares ⁽³⁾⁽⁴⁾	0.32	—	(0.43) ⁽⁵⁾	—
Pro forma weighted average ordinary shares ⁽³⁾⁽⁴⁾	10,801,948	—	10,801,948	—

- (1) The year ended December 31, 2013 has been restated for the correction of an error. See Note 1 to our consolidated financial statements for more information.
- (2) For additional information regarding our basic and diluted earnings per share, see our Consolidated Statements of Profit or Loss and Other Comprehensive Income included in our consolidated financial statements.
- (3) All our outstanding ordinary A, preference B and preference C shares will convert into an aggregate of 10,801,948 ordinary shares in connection with the closing of this offering. As there were no issuances in any of the periods above, the pro forma basic and diluted earnings per share and ordinary shares, have been calculated on the basis that there were the same number of weighted average ordinary shares in issuance throughout all periods. In addition, all earnings previously allocated to the preference C shares in basic and diluted earnings per share disclosed in our consolidated financial statements have been allocated to the ordinary shares in the pro forma basic and diluted earnings per share metric above. 6,133,832 preference D shares will also convert to ordinary shares in connection with the closing of this offering, but have not been included in the pro forma basic and diluted earnings per share metric above as such shares had not been issued as of September 30, 2014. The above disclosure does not take into account the impact of this offering.
- (4) Unaudited.
- (5) The basic and diluted earnings / (loss) per share were identical for the nine months ended September 30, 2014 because the effect of the outstanding warrants would be antidilutive.

Summary Consolidated Statement of Financial Position Data:

The table below presents summary unaudited condensed consolidated statement of financial position data as of September 30, 2014:

- on an actual basis;
- on a pro forma basis to give effect to:
 - our issuance and sale, in November 2014, of an aggregate of 6,133,832 preference D shares at €8.0602 (\$9.7818) per share;
 - the conversion of all of our outstanding ordinary A, preference B, preference C and preference D shares, including the preference D shares issued in November 2014, into an aggregate of 16,935,780 ordinary shares in connection with the closing of this offering;
 - the filing, registration and effectiveness of our amended and restated articles of association, which will occur in connection with the closing of this offering; and
- on a pro forma as adjusted basis to give further effect to the sale of 5,000,000 ADSs representing 5,000,000 ordinary shares in this offering at an assumed initial public offering price of \$17.00 per ADS, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting commission and estimated offering expenses payable by us.

(EUR'000)	As of September 30, 2014		
	Actual	Pro Forma	Pro Forma As Adjusted ⁽¹⁾
Cash and cash equivalents	7,909	56,005	117,846
Total assets	15,728	63,824	125,665
Retained earnings	(2,486)	(2,486)	(2,486)
Total equity	2,499	50,595	112,436

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- (1) Each \$1.00 (€0.82) increase or decrease in the assumed initial public offering price of \$17.00 per ADS (€14.01), which is the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease, respectively, the amount of cash and cash equivalents, working capital, total assets and total equity by \$4.7 million (€3.8 million), assuming the number of ADSs offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting commission and estimated offering expenses payable by us. We may also increase or decrease the number of ADSs we are offering. An increase or decrease of 1,000,000 in the number of ADSs we are offering would increase or decrease, respectively, the amount of cash and cash equivalents, working capital, total assets and shareholders' equity by approximately \$15.8 million (€13.0 million), assuming the assumed initial public offering price per ADS, as set forth on the cover page of this prospectus, remains the same. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing.

RISK FACTORS

Investing in the ADSs involves a high degree of risk. You should carefully consider the risks described below, as well as the other information in this prospectus, including our consolidated financial statements and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” before deciding whether to invest in the ADSs. The occurrence of any of the events or developments described below could harm our business, financial condition, results of operations and growth prospects. In such an event, the market price of the ADSs could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.

Risks Related to Our Limited Operating History, Financial Condition and Capital Requirements

We have a limited operating history, no products approved for commercial sale and we may incur significant losses in the future, which makes it difficult to assess our future viability.

We are a clinical stage biopharmaceutical company applying our TransCon technology to develop long-acting prodrug therapies with several product candidates in clinical and preclinical development. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. To date, we have focused substantially all of our efforts on our research and development activities and, in particular, developing our lead product candidate, TransCon hGH, and our proprietary TransCon technology. We have only a limited operating history upon which you can evaluate our business and prospects. Our revenue has been primarily generated through collaboration agreements under which we have received up-front technology licensing fees, payments for the sale of certain intellectual property rights and payments we receive for services rendered to our collaboration partners and other biopharmaceutical companies. Revenue generated from existing or new collaborations may fluctuate significantly over time. Accordingly, going forward, we may incur significant losses from our operations. Our net profit for the years ended December 31, 2013 and 2012 was approximately €4.1 million and €1.3 million, respectively. We had a net loss of €4.6 million during the nine month period ended September 30, 2014 and a net profit of €1.8 million during the nine month period ended September 30, 2013. Our accumulated deficit was €1.4 million as of September 30, 2014 compared to retained earnings of €3.2 million as of December 31, 2013. Neither the net loss nor net profit we have experienced in recent years are necessarily indicative of our future results.

None of our product candidates have been approved for commercial sale by the European Medicines Agency, or EMA, the U.S. Food and Drug Administration, or FDA, or similar non-U.S. regulatory authorities, and we have not generated revenues from the sale of approved products. We expect that our annual operating expenses will increase over the next several years as we expand our research and development, product discovery and development efforts and operate as a public company. Even if we receive the potential milestone payments from our collaboration partners, we may incur substantial operating losses for the foreseeable future as we execute our operating plan. Additionally, we cannot be certain that we will receive any potential milestones under our agreements with our collaboration partners. For a discussion of the risks associated with our preclinical and clinical development programs with, and potential for milestone and other payments from, our collaboration partners, see “—Risks Related to Our Business.”

Even if we receive the potential milestone payments or royalty payments from our collaboration partners, we may not be able to achieve or sustain profitability. For example, our receipt of milestone payments or up-front payments from our current and potential collaboration partners may not result in the recognition of revenue in the period received, as we may be required to defer the revenue recognition of such payments over time, and depending upon such requirements and the period of recognition, we may still incur losses even after the receipt of such payments. Therefore, we cannot be certain that we will not incur significant losses in the future. Possible future losses will have an adverse effect on our shareholders’ equity. Further, the net losses or

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net income we incur may fluctuate significantly from quarter to quarter and year to year, such that a period-to-period comparison of our results of operations may not be a reliable indication of our future performance.

We have never generated any revenue from product sales and may not be able to sustain our limited profitability.

We have no products approved for sale and have never generated any revenue from product sales. Our ability to generate revenue from product sales and sustain our limited profitability depends on our ability and the ability of our collaboration partners to successfully complete the development of our product candidates and obtain the regulatory and marketing approvals necessary to commercialize one or more of our product candidates. We do not anticipate generating revenue from product sales through our royalty rights for the foreseeable future. Our ability to generate future revenue from product sales or pursuant to milestone payments or royalties from current and future collaboration partners depends heavily on many factors, including but not limited to:

- completing research and preclinical and clinical development of our product candidates;
- on our own, or together with our strategic collaboration partners, obtaining regulatory approvals for our product candidates;
- negotiating favorable terms of and entering into collaboration, licensing or other arrangements;
- the ability of our collaboration partners to successfully commercialize and/or our ability to commercialize or co-promote our product candidates;
- developing a sustainable and scalable manufacturing process for any of our approved product candidates and establishing and maintaining supply and manufacturing relationships with third parties that can conduct the process and provide adequate, in amount and quality, products to support clinical development and the market demand for our product candidates, if approved;
- obtaining market acceptance of our product candidates, if approved, as viable treatment options;
- addressing any competing technological and market developments;
- identifying, assessing, acquiring, in-licensing and/or developing new product candidates;
- maintaining, protecting, and expanding our portfolio of intellectual property rights, including patents, trade secrets, and know-how, and our ability to develop, manufacture and commercialize our product candidates and products without infringing intellectual property rights of others; and
- attracting, hiring, and retaining qualified personnel.

In cases where we, or our collaboration partners, are successful in obtaining regulatory approvals to market one or more of our product candidates, our revenue will be dependent, in part, upon the size of the markets in the territories for which regulatory approval is granted, the accepted price for the product, the ability to get reimbursement for our products at any price and the extent of our royalty rights for that territory. If the number of patients suitable for our product candidates is not as significant as we estimate, the indication approved by regulatory authorities is narrower than we expect or the reasonably accepted population for treatment is narrowed by competition, physician choice or treatment guidelines, we may not generate significant revenue from the sale of such products, even if approved. Our failure to generate revenue from product sales or pursuant to up-front or milestone payments and royalties from current and future collaboration partners would likely depress our market value and could impair our ability to raise capital, expand our business, discover or

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develop other product candidates or continue our operations. A decline in the value of the ADSs could cause you to lose all or part of your investment.

We may require substantial additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, could force us to delay, limit, scale back or cease our product development or any other or all operations.

Since our inception, most of our resources have been dedicated to our research and development activities and, in particular, developing our proprietary TransCon technology and our most advanced product candidates. As of September 30, 2014, we had cash and cash equivalents of €7.9 million, and in November 2014, we raised \$60 million (€48 million) through the issuance of preference D shares to a syndicate of new and existing investors. We believe that we will continue to expend substantial resources for the foreseeable future, including costs associated with research and development, conducting preclinical studies, clinical trials, obtaining regulatory approvals and, eventually, sales and marketing if any of our product candidates is approved. Because the outcome of any clinical trial and/or regulatory approval process is highly uncertain, we cannot reasonably estimate the actual amounts of additional financing necessary to successfully complete the development, regulatory approval process and commercialization or co-promotion of any of our product candidates.

Based on our current operating plan, we believe that our existing capital resources, together with the net proceeds from this offering, will allow us to fund our operating plan through at least the 12 months from the date of this prospectus. However, our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional funds sooner than planned. Our future funding requirements will depend on many factors, including, but not limited to:

- our ability to establish and maintain strategic partnerships, licensing or other arrangements and the financial terms of such agreements;
- the achievement of development, regulatory and commercial milestones resulting in the payment to us from our collaboration partners of contractual milestone payments and the timing of receipt of such payments, if any;
- the progress, timing, scope, results and costs of our preclinical studies and clinical trials for our product candidates that have not been licensed, including the ability to enroll patients in a timely manner for clinical trials;
- the time and cost necessary to obtain regulatory approvals for our product candidates that have not been licensed and the costs of post-marketing studies that could be required by regulatory authorities;
- our progress and the progress of our collaboration partners in the successful commercialization and co-promotion of our most advanced product candidates and our efforts to develop and commercialize our other existing product candidates;
- the manufacturing, selling and marketing costs associated with product candidates, including the cost and timing of building our sales and marketing capabilities;
- the timing, receipt, and amount of sales of, or royalties on, our future products, if any;
- the sales price and the availability of adequate third-party coverage and reimbursement for our product candidates;

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- the cash requirements of any future acquisitions or discovery of product candidates;
- the number and scope of preclinical and discovery programs that we decide to pursue or initiate;
- the potential acquisition and in-licensing of other technologies, products or assets;
- the time and cost necessary to respond to technological and market developments; and
- the costs of filing, prosecuting, maintaining, defending and enforcing any patent claims and other intellectual property rights, including litigation costs and the outcome of such litigation, including costs of defending any claims of infringement brought by others in connection with the development, manufacture or commercialization of our product candidates.

Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, scale back or cease our research and development activities, preclinical studies and clinical trials for our product candidates for which we retain such responsibility and our establishment and maintenance of sales and marketing capabilities or other activities that may be necessary to commercialize our product candidates.

Raising additional capital may cause dilution to our holders of shares or ADSs, restrict our operations or require us to relinquish rights to our product candidates on unfavorable terms to us.

We may seek additional capital through a variety of means, including through public or private equity, debt financings or other sources, including up-front payments and milestone payments from strategic collaborations. To the extent that we raise additional capital through the sale of equity or convertible debt or equity securities, your ownership interest will be diluted, and the terms may include liquidation or other preferences that adversely affect your rights as a holder of shares or ADSs. Such financing may result in dilution to holders of shares or ADSs, imposition of debt covenants and repayment obligations, or other restrictions that may affect our business. If we raise additional funds through up-front payments or milestone payments pursuant to strategic partnerships with third parties, we may have to relinquish valuable rights to our product candidates, or grant licenses on terms that are not favorable to us. In addition, we may seek additional capital due to favorable market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans.

Risks Related to Our Business

We are substantially dependent on the success of our most advanced product candidates, which may not be successful in preclinical studies or clinical trials, receive regulatory approval or be successfully commercialized.

To date, we have invested a significant amount of our efforts and financial resources in the research and development of our current most advanced product candidates utilizing our proprietary TransCon technology. In particular, we are currently conducting a Phase 2 pediatric trial for TransCon hGH and a Phase 1 study of TransCon Treprostinil. Our near-term prospects, including our ability to finance our operations through the receipt of milestone payments and potential up-front licensing payments and generate revenue from product sales, will depend heavily on our successful development and commercialization of our most advanced product candidates, if approved. The clinical and commercial success of our most advanced product candidates and our TransCon technology will depend on a number of factors, including the following:

- the timely completion of the ongoing clinical trials of TransCon hGH and TransCon Treprostinil, which will depend substantially upon the satisfactory performance of third-party contractors;

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- our ability and that of our collaboration partners to establish commercial-scale manufacturing processes for our most advanced product candidates, which has not yet been demonstrated;
- whether our most advanced product candidates' safety, tolerability and efficacy profiles will be satisfactory to the EMA, the FDA and similar regulatory authorities to warrant marketing approval;
- whether the EMA, the FDA or similar regulatory authorities require additional clinical trials prior to approval to market our most advanced product candidates;
- the prevalence and severity of adverse side effects of our most advanced product candidates;
- the timely receipt of necessary marketing approvals from the EMA, the FDA and similar regulatory authorities;
- our ability and that of our collaboration partners to successfully commercialize our most advanced product candidates, if approved for marketing and sale by the EMA, the FDA or similar regulatory authorities, including educating physicians and patients about the benefits, administration and use of such products;
- achieving and maintaining compliance with all applicable regulatory requirements;
- acceptance of our most advanced product candidates as safe and effective by patients and the medical community;
- the availability, perceived advantages, relative cost, relative safety and relative efficacy of alternative and competing treatments;
- obtaining and sustaining an adequate level of coverage and reimbursement for our most advanced product candidates by third-party payors;
- the effectiveness of our collaboration partners' marketing, sales and distribution strategies and operations;
- our ability and that of our collaboration partners, or any third-party manufacturer we or our collaborators contract with, to manufacture supplies of our most advanced product candidates and to develop, validate and maintain commercially viable manufacturing processes that are compliant with current good manufacturing practice, or cGMP, requirements;
- enforcing intellectual property rights in and to our most advanced product candidates;
- avoiding third-party interference, opposition, derivation or similar proceedings with respect to our patent rights, and avoiding other challenges to our patent rights and patent infringement claims; and
- continued acceptable safety profiles of our most advanced product candidates following approval, if approved.

Many of these factors are beyond our control, including clinical development, the regulatory submission process, potential threats to our intellectual property rights and the manufacturing, marketing and sales efforts of our collaboration partners.

Additionally, our clinical and regulatory approval plan for TransCon hGH is to conduct a single Phase 3 trial in a pediatric population with a primary endpoint of mean height velocity measured over 12 months. It is

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possible, however, that because TransCon hGH is a prodrug form of hGH that it is a new molecular entity, we will not be able to use this clinical and regulatory approval strategy. If we have to conduct additional or different trials, this could increase the amount of time and expense required for regulatory approval of TransCon hGH, if approved at all. In December 2014, we reported positive interim six-month height velocity data from 25 patients, representing approximately 50% of the total enrollment in the study, completing all six months of treatment, and we expect to report topline data for all patients in this study in mid-2015. If the six-month mean height velocities that we observe for TransCon hGH in the on-going Phase 2 pediatric study do not correlate to twelve month mean height velocities that we ultimately observe in Phase 3 clinical studies that we plan to conduct, TransCon hGH may not achieve the required primary endpoint in the Phase 3 clinical trial, and therefore may not receive regulatory approval.

Accordingly, we cannot be certain that our most advanced product candidates will ever be successfully commercialized or that we will ever generate revenue from sales of such product candidates. If we and our collaboration partners are not successful in completing the development of, obtaining approval for, and commercializing our most advanced product candidates, or are significantly delayed in doing so, our business will be harmed.

Clinical drug development involves a lengthy and expensive process with an uncertain outcome, and we may encounter substantial delays in our clinical studies. Furthermore, results of earlier studies and trials may not be predictive of results of future trials.

Before obtaining marketing approval from regulatory authorities for the sale of our product candidates, we, or our collaboration partners, must conduct extensive clinical studies to demonstrate the safety and efficacy of the product candidates in humans. Clinical testing is expensive and can take many years to complete, and its outcome is inherently uncertain. Failure can occur at any time during the clinical trial process. For example, there can be no assurance that our ongoing Phase 2 clinical trial will meet its primary or secondary endpoints or not show any negative safety risks. The results of preclinical and clinical studies of our product candidates may not be predictive of the results of later-stage clinical trials. For example, the positive results generated to date in preclinical and clinical studies for TransCon hGH do not ensure that the ongoing Phase 2 clinical trial, or future clinical trials, will demonstrate similar results. Product candidates in later stages of clinical trials may fail to show the desired safety and efficacy despite having progressed through preclinical studies and initial clinical trials. A number of companies in the pharmaceutical, biopharmaceutical and biotechnology industries have suffered significant setbacks in advanced clinical trials due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier studies, and we cannot be certain that we will not face similar setbacks. Even if our clinical trials are completed, the results may not be sufficient to obtain regulatory approval for our product candidates or to be able to use an expedited regulatory pathway for approval of our product candidates.

We may experience delays in our ongoing or future trials, and we do not know whether future clinical trials will begin on time, need to be redesigned, enroll an adequate number of patients on time or be completed on schedule, if at all. Clinical trials can be delayed or terminated for a variety of reasons, including delay or failure to:

- obtain regulatory approval to commence a trial, if applicable;
- reach agreement on acceptable terms with prospective contract research organizations, or CROs, and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- obtain Ethics Committee, institutional review board, or IRB, approval at each site;
- recruit suitable patients to participate in a trial;

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- have patients complete a trial or return for post-treatment follow-up;
- ensure that clinical sites observe trial protocol or continue to participate in a trial;
- address any patient safety concerns that arise during the course of a trial;
- address any conflicts with new or existing laws or regulations;
- initiate or add a sufficient number of clinical trial sites; or
- manufacture sufficient quantities of product candidate for use in clinical trials.

Patient enrollment is a significant factor in the timing of clinical trials and is affected by many factors, including the size and nature of the patient population, the proximity of patients to clinical sites, the eligibility criteria for the trial, the design of the clinical trial, competing clinical trials and clinicians' and patients' perceptions as to the potential advantages of the drug being studied in relation to other available therapies, including any new drugs or treatments that may be approved for the indications we are investigating.

We could also encounter delays if a clinical trial is suspended or terminated by us, our collaboration partner for a product candidate, by the Ethics Committee or IRBs of the institutions in which such trials are being conducted, by an independent data safety monitoring board, or DSMB, for such trial or by European Economic Area, or EEA, Competent Authorities, the FDA or similar regulatory authorities. Such authorities or we may suspend or terminate a clinical trial due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or our clinical protocols, inspection of the clinical trial operations or trial site by EEA Competent Authorities, the FDA or similar regulatory authorities resulting in the imposition of a clinical hold, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a drug, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial.

Further, we are conducting our on-going Phase 2 pediatric study of TransCon hGH in Europe and North Africa and conducting clinical trials in foreign countries presents additional risks that may delay completion of clinical trials. These risks include the failure of physicians or enrolled patients in foreign countries to adhere to clinical protocol as a result of differences in healthcare services or cultural customs, managing additional administrative burdens associated with foreign regulatory schemes, as well as political and economic risks relevant to such foreign countries. In addition, the EMA or the FDA may determine that the clinical trial results obtained in foreign subjects do not represent the safety and efficacy of a product candidate when administered in EEA or U.S. patients, and are thus not supportive of an application for a marketing authorization in the EEA or of an NDA approval in the United States. As a result, the EMA or the FDA may not accept data from clinical trials conducted outside the EEA or the United States, respectively, and may require that we conduct additional clinical trials or obtain additional data before we can proceed with filing an NDA in the United States or a marketing authorization application in the EEA. The EMA or the FDA may even require conducting additional clinical trials in the EEA or the United States, respectively.

If there are delays in the completion of, or termination of, any clinical trial of our product candidates or if we are required to conduct additional clinical trials in addition to those we have currently planned, the commercial prospects of our product candidates may be harmed, and our ability to generate revenue from product sales from any of these product candidates will be delayed. In addition, any delays in completing the clinical trials will increase costs, slow down our product candidate development and approval process and jeopardize the ability to commence product sales and generate revenue from product sales. Any of these occurrences may significantly harm our business, financial condition and prospects. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately lead to the denial of regulatory approval of our product candidates.

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We depend on collaboration partners to develop and conduct clinical studies with, obtain regulatory approvals for, and manufacture, market and sell our collaboration product candidates, and if such collaboration partners fail to perform as expected, or are unable to obtain the required regulatory approvals for such product candidates, the potential for us to generate future revenue from such product candidates would be significantly reduced and our business would be significantly harmed.

We rely on our collaboration partners to conduct clinical studies of our collaboration product candidates. We have existing collaborations with Sanofi and Genentech. Under these collaborations, we granted Sanofi and Genentech worldwide licenses to develop certain collaboration product candidates in the fields of diabetes (TransCon Insulin) and ophthalmology (TransCon Ranibizumab), respectively. We may also enter into collaboration agreements with other parties in the future relating to our other product candidates. Under our existing collaboration agreements, our collaboration partners are responsible for completing all preclinical and clinical development and obtaining and maintaining regulatory approval for the applicable product candidates from the EMA, the FDA and similar regulatory authorities. Ultimately, if such product candidates are advanced through clinical trials and receive marketing approval from the EMA, the FDA or similar regulatory authorities, such collaboration partners will be responsible for commercialization of these collaboration products. The potential for us to obtain future development milestone payments and, ultimately, generate revenue from royalties on sales of such collaboration products depends entirely on successful development, regulatory approval, marketing and commercialization by our collaboration partners.

If our collaboration partners do not perform in the manner we expect or fulfill their responsibilities in a timely manner, or at all, if our agreements with them terminate or if the quality or accuracy of the clinical data they obtain is compromised, the clinical development, regulatory approval and commercialization efforts related to our collaboration product candidates could be delayed or terminated and it could become necessary for us to assume the responsibility at our own expense for the clinical development of such product candidates. In that event, we would likely be required to limit the size and scope of efforts for the development and commercialization of such product candidate, to seek additional financing to fund further development, or to identify alternative strategic collaboration partners, and our potential to generate future revenue from royalties and milestone payments from such product candidate would be significantly reduced or delayed and our business would be harmed. For example, in September 2012, we entered into a collaboration agreement with United Therapeutics for the development and commercialization of TransCon Treprostinil and United Therapeutics filed an IND for TransCon Treprostinil that was accepted by the FDA in June 2014. In October 2014, we and United Therapeutics terminated the collaboration agreement, and United Therapeutics has transferred the IND for TransCon Treprostinil to us.

Our existing collaborations and any future collaboration arrangements that we may enter into with third parties may not be scientifically or commercially successful. In addition to the risks inherent in the development of a drug product candidate, factors that may affect the success of our collaborations include the following:

- our collaboration partners have the unilateral ability to choose not to develop a collaboration product for one or more indications for which such product has been or is currently being evaluated, and our collaboration partners may choose to pursue an indication that is not in our strategic best interest or to forego an indication that they believe does not provide significant market potential even if clinical data is supportive of further development for such indication;
- our collaboration partners may choose not to develop and commercialize our collaboration products in certain relevant markets;
- our collaboration partners may take considerably more time advancing our product candidates through the clinical and regulatory process than we currently anticipate, which could materially delay the achievement of milestones and, consequently the receipt of milestone payments from our collaboration partners;

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- our collaboration partners have substantial discretion under their respective agreements regarding how they structure their efforts and allocate resources to fulfill their obligations to diligently develop, manufacture, obtain regulatory approval for and commercialize our collaboration products;
- our collaboration partners control all aspects of commercialization efforts under their respective license agreements and may change the focus of their development and commercialization efforts or pursue higher-priority programs and, accordingly, reduce the efforts and resources allocated to their collaborations with us;
- our collaboration partners are solely responsible for obtaining and maintaining all regulatory approvals and may fail to develop a commercially viable formulation or manufacturing process for our product candidates, and may fail to manufacture or supply sufficient drug substance for commercial use, if approved, which could result in lost revenue;
- our collaboration partners may not comply with all applicable regulatory requirements or may fail to report safety data in accordance with all applicable regulatory requirements;
- if any of our agreements with our collaboration partners terminate, we will no longer have any rights to receive potential revenue under such agreement, in which case we would need to identify alternative means to continue the development, manufacture and commercialization of the affected product candidates, alone or with others;
- our collaboration partners have the discretion to sublicense their rights with respect to our collaboration technology in connection with collaboration product candidates to one or more third parties without our consent;
- our collaboration partners may be pursuing alternative technologies or developing alternative products, either on their own or in collaboration with others, that may be competitive with products on which they are collaborating with us or which could affect our collaboration partners' commitment to the collaboration; for example, our former collaboration partner, United Therapeutics, is marketing and developing products to treat PAH that may compete with TransCon Trepstinil, if approved; and
- if our collaboration partners receive approval for any of the collaboration product candidates, reductions in marketing or sales efforts or a discontinuation of marketing or sales of our product candidates by our collaboration partners would reduce any royalties we could be entitled to receive, which are based on the sales of our product candidates by our collaboration partners.

In addition, the collaboration agreements provide our collaboration partners with rights to terminate such agreements and licenses under various conditions, which if exercised would adversely affect our product development efforts, make it difficult for us to attract new partners and adversely affect our reputation in the business and financial communities. Our collaboration partners have the right to terminate their respective collaboration agreements with us, upon advance written notice, in the event of our uncured material breach of the agreement and for convenience. In addition, Sanofi may terminate its agreement with us in the event we initiate non-infringement, invalidity or unenforceability proceedings with respect to Sanofi patents. Genentech may also terminate in the event of our bankruptcy or insolvency, or if we undergo a change of control in favor of a competitor of Genentech and that competitor does not segregate our company's personnel and activities under the agreement.

In addition, certain provisions in our exclusive license agreement with Genentech may discourage certain takeover or acquisition attempts, including that in the event we undergo a change of control in favor of a

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competitor of Genentech and that competitor does not segregate our company's personnel and activities under the license agreement, Genentech may terminate the license agreement.

The timing and amount of any milestone and royalty payments we may receive under our agreements with our collaboration partners will depend on, among other things, the efforts, allocation of resources, and successful development and commercialization of our product candidates by our collaboration partners. We cannot be certain that any of the development and regulatory milestones will be achieved or that we will receive any future milestone payments under these agreements. In addition, in certain circumstances we may believe that we have achieved a particular milestone and the applicable collaboration partner may disagree with our belief. In that case, receipt of that milestone payment may be delayed or may never be received, which may require us to adjust our operating plans.

We may form additional strategic collaborations in the future with respect to our proprietary programs, but we may not realize the benefits of such collaborations.

We may form strategic collaborations, create joint ventures or enter into licensing arrangements with third parties with respect to our independent programs that we believe will complement or augment our existing business. We have historically engaged, and intend to continue to engage, in partnering discussions with a range of biopharmaceutical companies and could enter into new collaborations at any time. We face significant competition in seeking appropriate strategic partners, and the negotiation process to secure appropriate terms is time-consuming and complex. Any delays in identifying suitable development partners and entering into agreements to develop our product candidates could also delay the commercialization of our product candidates, which may reduce their competitiveness even if they reach the market. Moreover, we may not be successful in our efforts to establish such a strategic partnership for any future product candidates and programs on terms that are acceptable to us, or at all. This may be for a number of reasons, including that our product candidates and programs may be deemed to be at too early of a stage of development for collaborative effort, our research and development pipeline may be viewed as insufficient, and/or third parties may not view our product candidates and programs as having sufficient potential for commercialization, including the likelihood of an adequate safety and efficacy profile. Even if we are successful in entering into a strategic alliance or license arrangement, there is no guarantee that the collaboration will be successful, or that any future collaboration partner will commit sufficient resources to the development, regulatory approval, and commercialization of our product candidates, or that such alliances will result in us achieving revenues that justify such transactions.

Our product candidates, other than TransCon hGH, are at an early stage of development and we may not be successful in our efforts to successfully develop these products or expand our pipeline of product candidates.

A key element of our strategy is to expand our pipeline of product candidates utilizing our proprietary TransCon technology, and to advance such product candidates through clinical development, either on our own or in conjunction with strategic collaboration partners. Other than TransCon hGH and TransCon Treprostinil, our current unlicensed product candidates are in discovery and the lead identification stages of preclinical development, and will require substantial preclinical and clinical development and testing, and eventually regulatory approval, prior to commercialization. TransCon hGH and TransCon Treprostinil are our only unlicensed product candidates currently in clinical trials. Our other unlicensed product candidates are in preclinical development and may require significant time and additional research and development before we can file a Clinical Trial Application or IND with regulatory authorities to begin clinical studies. Of the large number of drugs in development, only a small percentage of such drugs successfully complete the EMA or FDA regulatory approval process and are commercialized. Accordingly, even if we are able to continue to fund such development programs, our product candidates may not be advanced to clinical studies or be successfully developed or commercialized. In addition, our preclinical product candidates may not demonstrate the advantages we expect from application of our TransCon technology in preclinical studies. In such event, we may decide not to progress any such product candidates into clinical trials.

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Research programs to identify product candidates require substantial technical, financial and human resources, whether or not any product candidates are ultimately identified. Although our research and development efforts to date have resulted in several development programs, we may not be able to develop product candidates that are safe and effective. Our research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development or commercialization for many reasons, including the following:

- the research methodology used and our TransCon technology may not be successful in identifying potential product candidates;
- competitors may develop alternatives that render our product candidates obsolete or less attractive;
- product candidates we develop may nevertheless be covered by third parties' intellectual property rights or other types of exclusivity;
- the market for a product candidate may change during our program so that such a product may become financially unfeasible to continue to develop;
- a product candidate may be demonstrated to have harmful side effects or not to be effective, or otherwise not to meet other requirements for regulatory approval;
- a product candidate may not be capable of being produced in commercial quantities at an acceptable cost, or at all; and
- a product candidate may not be accepted as safe and effective by patients, the medical community or third-party payors, or reimbursable by third-party payors, if applicable.

Even if we are successful in continuing to expand our pipeline, through our own research and development efforts or by pursuing in-licensing or acquisition of product candidates, the potential product candidates that we identify or acquire may not be suitable for clinical development, including as a result of being shown to have harmful side effects or other characteristics that indicate that they are unlikely to receive marketing approval and achieve market acceptance. If we do not successfully develop and commercialize a product pipeline, we may not be able to generate revenue from product sales in future periods or achieve or sustain profitability.

Interim and preliminary data from our clinical trials that we announce or publish from time to time, including our Phase 2 pediatric trial in TransCon hGH, may change as more patient data become available and are subject to audit and verification procedures that could result in material changes in the final data.

From time to time, we may publish interim or preliminary data from our clinical studies. For example, in September 2014, and then again in December 2014, we announced positive interim results from a Phase 2 pediatric study of once-weekly TransCon hGH. Interim data in this trial, and for any other trials we may complete, are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Preliminary data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. As a result, interim and preliminary data should be viewed with caution until the final data are available. Material adverse changes in the final data could significantly harm our business prospects.

We may expend our limited resources to pursue a particular product candidate or indication and fail to capitalize on product candidates or indications that may be more profitable or for which there is a greater likelihood of success.

Because we have limited financial and managerial resources, we have focused on research programs and product candidates that utilize our proprietary TransCon technology. As a result, we may forego or delay pursuit

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of opportunities with other product candidates or for other indications that later prove to have greater commercial potential. Our resource allocation decisions may cause us to fail to capitalize on viable commercial products or profitable market opportunities. Our spending on current and future research and development programs and product candidates for specific indications may not yield any commercially viable products. If we do not accurately evaluate the commercial potential or target market for a particular product candidate, we may relinquish valuable rights to that product candidate through collaboration, licensing or other royalty arrangements in cases in which it would have been more advantageous for us to retain sole development and commercialization rights to such product candidate.

We rely on third parties to conduct our nonclinical studies and clinical trials. If these third parties do not successfully carry out their contractual duties or meet expected deadlines, we may be unable to obtain regulatory approval for or commercialize our product candidates.

We do not have the ability to independently conduct clinical trials or nonclinical studies. We rely on medical institutions, clinical investigators, contract laboratories, collaboration partners and other third parties, such as CROs, to conduct clinical trials of our product candidates. The third parties with whom we contract for execution of our clinical trials play a significant role in the conduct of these trials and the subsequent collection and analysis of data. However, these third parties are not our employees, and except for contractual duties and obligations, we control only certain aspects of their activities and have limited ability to control the amount or timing of resources that they devote to our programs. Although we rely on these third parties to conduct some of our preclinical studies and all of our clinical trials, we remain responsible for ensuring that each of our preclinical studies and clinical trials is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards and our reliance on third parties does not relieve us of our regulatory responsibilities. We and these third parties are required to comply with current good laboratory practices, or GLPs, for preclinical studies, and good clinical practices, or GCPs, for clinical studies. GLPs and GCPs are regulations and guidelines enforced by the Competent Authorities of the Member States of the European Economic Area, or EEA, the FDA and comparable foreign regulatory authorities for all of our products in nonclinical and clinical development, respectively. Regulatory authorities enforce GCPs through periodic inspections of trial sponsors, principal investigators and trial sites. If we or any of our third party contractors fail to comply with applicable regulatory requirements, including GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the EMA, the FDA, or similar regulatory authorities may require us to perform additional clinical trials before approving our marketing applications. We cannot be certain that upon inspection by a given regulatory authority, such regulatory authority will determine that any of our clinical trials comply with GCP regulations. In addition, our clinical trials must be conducted with product produced under cGMP regulations. The failure of our contract manufacturers to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process.

Even if our product candidates obtain regulatory approval, they may never achieve market acceptance or commercial success, which will depend, in part, upon the degree of acceptance among physicians, patients, patient advocacy groups, third-party payors and the medical community.

Even if our product candidates obtain EMA, FDA or other regulatory approvals, and are ultimately commercialized, our product candidates may not achieve market acceptance among physicians, patients, third-party payors, patient advocacy groups and the medical community. The degree of market acceptance, if any, for our most advanced product candidates for which marketing approval is obtained will depend on a number of factors, including:

- the efficacy of the products as demonstrated in clinical trials;
- the prevalence and severity of any side effects and overall safety profile of the product;
- the clinical indications for which the product is approved;

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- acceptance by physicians, major operators of clinics and patients of the product as a safe and effective treatment and their willingness to pay for them;
- relative convenience and ease of administration of our products;
- the potential and perceived advantages of our product candidates over current treatment options or alternative treatments, including future alternative treatments;
- the availability of supply of our products and their ability to meet market demand;
- marketing and distribution support for our product candidates;
- the quality of our relationships with patient advocacy groups; and
- coverage and reimbursement policies of government and other third-party payors.

If our product candidates that obtain regulatory approval do not achieve significant market acceptance or commercial success, this could harm our business, results of operations and prospects, and the value of our shares or ADSs.

Our product candidates may cause undesirable side effects or have other properties that could delay or prevent their regulatory approval, limit the commercial profile of an approved label, or result in significant negative consequences following regulatory approval, if any. If any of our product candidates receives marketing approval and subsequently causes undesirable side effects, the ability to market the product candidates could be compromised.

Undesirable side effects caused by our product candidates could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive label or the delay or denial of regulatory approval by the EMA, the FDA or similar authorities. For example, in a Phase 2 study evaluating 37 adult patients treated with TransCon hGH, adverse events included fatigue (seven patients) and headache (seven patients), which were considered certainly, probably, or possibly drug-related. In the event that trials conducted by us or our collaboration partners, or trials we conduct with our unlicensed product candidates, reveal a high and unacceptable severity and prevalence of these or other side effects, such trials could be suspended or terminated and the EMA, the FDA or similar regulatory authorities could order our collaboration partners or us to cease further development of or deny approval of our product candidates for any or all targeted indications. The drug-related side effects could affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims. Any of these occurrences may harm our business, financial condition and prospects significantly.

In addition, in the event that any of our product candidates receives regulatory approval and we or others later identify undesirable side effects caused by one of our products, a number of potentially significant negative consequences could occur, including:

- regulatory authorities may withdraw their approval of the product or seize the product;
- we, or our collaboration partners, may be required to recall the product;
- additional restrictions may be imposed on the marketing of the particular product or the manufacturing processes for the product or any component thereof, including the imposition of a Risk Evaluation and Mitigation Strategies plan that may require creation of a Medication Guide outlining the risks of such side effects for distribution to patients, as well as elements to assure safe use of the product, such as a patient registry and training and certification of prescribers;

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- we, or our collaboration partners, may be subject to fines, injunctions or the imposition of civil or criminal penalties;
- regulatory authorities may require the addition of labeling statements, such as a “black box” warning or a contraindication;
- we could be sued and held liable for harm caused to patients;
- the product may become less competitive; and
- our reputation may suffer.

Any of the foregoing events could prevent us, or our collaboration partners, from achieving or maintaining market acceptance of a particular product candidate, if approved, and could result in the loss of significant revenue to us, which would harm our results of operations and business.

Competition in the biotechnology and pharmaceutical industries is intense and our competitors may discover, develop or commercialize products faster or more successfully than us. If we are unable to compete effectively our business, results of operations and prospects will suffer.

The markets in which we intend to compete are undergoing, and are expected to continue to undergo, rapid and significant technological changes. Some of our product candidates are for fields in which competitive products already exist and are established. We expect competition to intensify as technological advances are made or new drugs and biotechnology products are introduced. New developments by competitors may render our current or future product candidates and/or technologies non-competitive, obsolete or not economical. Our competitors’ products may be more efficacious or marketed and sold more effectively than any of our product candidates.

We are aware of several pharmaceutical and biopharmaceutical companies that have commenced clinical studies of products or have successfully commercialized products addressing areas that we are targeting. For example, several companies are developing long-acting products for the treatment of growth hormone deficiency, including Althea Technologies, Inc., Bioton S.A., Critical Pharmaceuticals, Ltd., Dong-A Pharmaceutical, GeneScience Pharmaceuticals Co., Ltd., Hanmi Pharmaceuticals Co., Ltd., Novo Nordisk A/S, OPKO Health, Inc., Teva Pharmaceutical Industries Ltd. and Versartis, Inc. Other companies are developing prostacyclin-based therapies to treat PAH, including Actelion Pharmaceuticals Ltd., GlaxoSmithKline LLC and United Therapeutics, and many small and large biopharmaceutical companies are developing therapies for diabetes and ophthalmic indications. In addition to product-based competition, our TransCon technology faces technology-based competition as we believe other companies are developing or evaluating enhanced drug delivery and sustained release technologies. In particular, we believe Nektar, Inc., OPKO Health, Inc., ProLynx LLC and Serina Therapeutics, Inc. are developing technologies that use reversible linkers and that may be competitive with our TransCon technology.

It is also possible that our competitors will commercialize competing drugs or treatments before we or our collaboration partners can launch any products developed from our product candidates. We also anticipate that we will face increased competition in the future as new companies enter into our target markets.

Furthermore, to the extent we are developing TransCon product candidates that incorporate already approved drugs, we face competition from the pharmaceutical companies which are currently marketing such approved products. These pharmaceutical companies can generally be expected to seek to delay the introduction of competing products through a variety of means including:

- filing new formulation patent applications on drugs whose original patent protection is about to expire;

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- filing an increasing number of patent applications that are more complex and costly to challenge;
- filing suits for alleged patent infringement that automatically delay FDA approval;
- developing patented controlled-release or other “next-generation” products, which may compete with TransCon product candidates; or
- changing product claims and product labeling.

Any one of these strategies may increase the costs and risks associated with our efforts to introduce any of our product candidates and may delay or altogether prevent such introduction.

Many of our competitors have:

- significantly greater name recognition, financial, marketing, research, drug development and technical and human resources than we have at every stage of the discovery, development, manufacturing and commercialization process and additional mergers and acquisitions in the biotechnology industries may result in even more resources being concentrated in our competitors;
- more extensive experience in commercializing drugs, conducting preclinical testing, conducting clinical studies, obtaining regulatory approvals, challenging patents and in manufacturing and marketing pharmaceutical products;
- products that have been approved or are in late stages of development; and
- collaboration arrangements in our target markets with leading companies and research institutions.

If we successfully develop and obtain approval for our product candidates, we will face competition based on many different factors, including:

- the safety and effectiveness of our product candidates;
- the timing of and specific circumstances relating to regulatory approvals for these product candidates;
- the availability and cost of manufacturing, marketing and sales capabilities;
- the effectiveness of our marketing and sales capabilities;
- the price of our product candidates;
- the availability and amount of third-party reimbursement for our product candidates; and
- the strength of our patent position.

In addition, academic institutions, government agencies, and other public and private organizations conducting research may seek patent protection with respect to potentially competitive products or technologies. These organizations may also establish exclusive collaborative or licensing relationships with our competitors.

Our competitors may develop or commercialize products with significant advantages in regard to any of these factors. Our competitors may therefore be more successful in commercializing their products than we are, which could adversely affect our business, results of operations and prospects, and the value of our shares or ADSs.

For additional information regarding the competitive landscape for our product candidates, see “Business—TransCon Product Candidates.”

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Our proprietary TransCon technology is a new approach to extending the residence time and duration of action of a variety of drug products and may not result in any products of commercial value.

Our TransCon technology has been developed to improve the delivery of a variety of drug products. However, we cannot be certain that our TransCon technology will be deemed safe or efficacious, nor that any aspects of our TransCon technology will yield additional product candidates that could enter clinical development and, ultimately, be commercially valuable. Further, one of our two carrier systems, the TransCon hydrogel carrier system, has never been used in humans. As a result, our TransCon hydrogel carrier, when dosed in humans, may fail to perform as we expect. Failure of any of our product candidates to be successfully developed and approved may result in our TransCon technology being viewed as an ineffective approach to developing drug products which would harm our business and prospects.

We apply our TransCon technology to both approved and unapproved parent drugs to extend the life of such drugs in the body, and to enhance the overall benefit of a given therapy. Even when applied to approved parent drugs, we have generated limited clinical data on our product candidates using our TransCon technology with respect to safety and efficacy for long-term treatment in humans. The long-term safety and efficacy of our TransCon technology and the extended life in the body of our product candidates utilizing TransCon technology compared to currently approved products is unknown, and it is possible that our product candidates may have an increased risk of unforeseen reactions following extended treatment relative to other currently approved products. If extended treatment with product candidates utilizing TransCon in our ongoing or future clinical trials results in any concerns about the safety or efficacy of our TransCon technology, we may be unable to successfully develop or commercialize our product candidates.

Product candidates created utilizing the TransCon Prodrug technology are new chemical entities that employ novel technologies that have not yet been approved by the FDA, EMA or other regulatory authorities. These regulatory authorities have limited experience in evaluating our technologies and product candidates.

Our TransCon prodrug technology allows for the creation of new molecular entities through the transient conjugation of parent drug molecules to our soluble and microparticle TransCon carrier molecules via our TransCon linkers. We and our collaboration partners are developing product candidates based on these novel technologies, and we intend to work closely with our collaboration partners to understand and deliver the requisite demonstration of safety and efficacy that the FDA, the EMA and other regulatory authorities may seek for the approval of product candidates that incorporate the TransCon technology. It is possible that the regulatory approval process may take significant time and resources and require deliverables from independent third parties not under our control. For some of our product candidates, the regulatory approval path and requirements may not be clear, which could add significant delay and expense. Delays or failure to obtain regulatory approval of any of the products that we or our collaboration partners develop using our novel technologies would adversely affect our business.

We have limited clinical data on product candidates utilizing the TransCon technology platform to indicate whether they are safe or effective for long-term use in humans.

Our product candidates transiently link a parent drug molecule to select TransCon carriers via our TransCon linkers. Once injected, we believe that our prodrugs predictably release the unmodified parent drug molecule over time, thus preserving the parent drug's original mode of action, and, we believe, the parent drug's original safety and efficacy profile. We believe that our TransCon carriers remain bound to our TransCon linkers and that they are cleared from the body predominantly by renal filtration and biliary transport with fecal excretion. We have limited clinical data on product candidates utilizing the TransCon technology to indicate whether they are safe or effective for long-term use in humans, including the safety of any degradation products that may result after the TransCon carrier and TransCon linker are cleaved from the parent drug molecule. As an example, our TransCon prodrugs utilize polyethylene glycol, or PEG, and hydrogels incorporating PEG-based polymers as TransCon carriers. Although the safety and efficacy of PEG and permanently PEGylated proteins

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has been demonstrated within their respective indications by the approval of drugs such as PegIntron®, PegaSys®, Neulasta®, Somavert®, Cimzia® and Krystexxa®, and we are not aware of any evidence for PEG-related safety issues with PEGylated proteins in the clinic, health authorities, including the EMA, have historically posed general questions relating to the distribution, elimination, and the potential for PEG accumulation to pharmaceutical companies involved in the development of PEGylated drug products. If treatment with any of our product candidates in our ongoing or future clinical trials results in concerns about their safety or efficacy, we and our collaboration partners may be unable to successfully develop or commercialize any or all of our TransCon technology based product candidates or enter into collaborations with respect to our product candidates.

We have limited clinical data on TransCon hGH and no clinical data on any of our other product candidates to indicate whether they are safe or effective for long-term use in humans.

We have limited clinical data on TransCon hGH and no clinical data on any of our other product candidates that utilize the TransCon technology to extend their duration of action. It is unknown whether long-term repeated administration of TransCon hGH could result in issues that may adversely affect safety. If extended treatment with TransCon hGH, or any of our other product candidates, in our ongoing or future clinical trials results in any concerns about its safety or efficacy, we may be unable to successfully develop or commercialize our product candidates or enter into collaborations with respect to our product candidates.

We lack direct sales and marketing capabilities, and are wholly dependent on collaboration partners for the commercialization of our product candidates. If we are unable to establish sales capabilities on our own or through third parties, we may not be able to commercialize any of our product candidates.

We have no direct sales, marketing or distribution capabilities. We have entered into collaboration agreements with third parties to market and sell certain of our product candidates. Currently, we have no sales, marketing or distribution agreements for our other product candidates. We may enter into arrangements with third parties to market and sell certain of our other product candidates. We may not be able to enter into such marketing and sales arrangements with others on acceptable terms, if at all. To the extent that we enter into marketing and sales arrangements with other companies, our revenues, if any, will depend on the terms of any such arrangements and the efforts of others. These efforts may turn out not to be sufficient.

We currently do not have our own sales organization. In order to commercialize any of our product candidates, we or our collaboration partners must build our marketing, sales, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services, and we may not be successful in doing so. If one or more of our product candidates receives regulatory approval, we may establish a specialty sales organization with technical expertise and supporting distribution capabilities to co-promote and/or commercialize our product candidates, which will be expensive and time consuming. As a company, we have no prior experience in the marketing, sale and distribution of pharmaceutical products and there are significant risks involved in building and managing a sales organization, including our ability to hire, retain, and incentivize qualified individuals, generate sufficient sales leads, provide adequate training to sales and marketing personnel, comply with regulatory requirements applicable to the marketing and sale of drug products and effectively manage a geographically dispersed sales and marketing team. Any failure or delay in the development of our internal sales, marketing and distribution capabilities with respect to a non-licensed product candidate would adversely impact the commercialization of such product candidate.

We may choose to collaborate with third parties that have direct sales forces and established distribution systems, either to augment our own sales force and distribution systems or in lieu of our own sales force and distribution systems. If we are unable to enter into such arrangements on acceptable terms or at all, we may not be able to successfully commercialize our product candidates.

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We rely on third parties to manufacture our preclinical and clinical drug supplies, and we intend to rely on third parties to produce commercial supplies of any approved product candidate.

We have limited personnel with experience in manufacturing, and we do not own facilities for manufacturing our products and product candidates for the potential pivotal clinical studies and/or commercial manufacturing of our products and product candidates. We depend on our collaboration partners and other third parties to produce and provide analytical services with respect to our most advanced product candidates.

In addition, if our product candidates are approved, in order to produce the quantities necessary to meet anticipated market demand, we and/or our collaboration partners will need to secure sufficient manufacturing capacity with third-party manufacturers. If we and/or our collaboration partners are unable to produce our product candidates in sufficient quantities to meet the requirements for the launch of the product or to meet future demand, our revenues and gross margins could be adversely affected. To be successful, our product candidates must be manufactured in commercial quantities in compliance with regulatory requirements and at acceptable costs. We and/or our collaboration partners will regularly need to secure access to facilities to manufacture some of our product candidates commercially. All of this will require additional funds and inspection and approval by the Competent Authorities of the Member States of the EEA, the FDA and other regulatory authorities. If we and/or our collaboration partners are unable to establish and maintain a manufacturing capacity within our planned time and cost parameters, the development and sales of our products and product candidates as well as our business, results of operations and prospects, and the value of our shares or ADSs could be adversely affected.

We and/or our collaboration partners may encounter problems with aspects of manufacturing our collaboration products and product candidates, including the following:

- production yields;
- quality control and assurance;
- shortages of qualified personnel;
- compliance with FDA and EEA regulations;
- production costs; and
- development of advanced manufacturing techniques and process controls.

We evaluate our options for clinical study supplies and commercial production of our product candidates on a regular basis, which may include use of third-party manufacturers, or entering into a manufacturing joint venture relationship with a third party. We are aware of only a limited number of companies on a worldwide basis who operate manufacturing facilities in which our product candidates can be manufactured under cGMP regulations, a requirement for all pharmaceutical products. We cannot be certain that we or our collaboration partners will be able to contract with any of these companies on acceptable terms, if at all, all of which could harm our business, results of operations and prospects, and the value of our shares or ADSs.

In addition, we or our collaboration partners, as well as any third-party manufacturer, will be required to register such manufacturing facilities with the FDA (and have a U.S. agent for the facility, if outside the United States), the Competent Authorities of the Member States of the EEA, and other regulatory authorities. The facilities will be subject to inspections confirming compliance with the FDA, the Competent Authorities of the Member States of the EEAs, or other regulatory authority cGMPs requirements. We do not control the manufacturing process of our product candidates, and, other than with respect to our collaboration product candidates, we are dependent on our contract manufacturing partners for compliance with cGMPs regulations for manufacture of both active drug substances and finished drug products. If we or our collaboration partners or any

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third-party manufacturer fails to maintain regulatory compliance, our business, financial condition and results of operations may be harmed, and the FDA, the Competent Authorities of the Member States of the EEA, or other regulatory authorities can impose regulatory sanctions that range from a warning letter to withdrawal of approval to seeking product seizures, injunctions and, where appropriate, criminal prosecution.

Under our agreements with our collaboration partners, the manufacturing of our collaboration product candidates are the responsibility of the applicable collaboration partner. We are entirely dependent on our collaboration partners for all aspects of the manufacturing and validation process, as well as providing all commercial supply of our collaboration product candidates. For additional information regarding the risks of our dependence on our collaboration partners, see the risk factors above “—We are substantially dependent on the success of our most advanced product candidates, which may not be successful in preclinical studies or clinical trials, receive regulatory approval or be successfully commercialized” and “—We depend on collaboration partners to develop and conduct clinical studies with, obtain regulatory approvals for, and manufacture, market and sell our collaboration product candidates, and if such collaboration partners fail to perform as expected, or are unable to obtain the required regulatory approvals for such product candidates, the potential for us to generate future revenue from such product candidates would be significantly reduced and our business would be significantly harmed.”

If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or similar regulatory authorities, they will not be able to secure and/or maintain regulatory approval for their manufacturing facilities. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA, the Competent Authorities of the Member States of the EEA, or a similar regulatory authority does not approve these facilities for the manufacture of our product candidates or if it withdraws any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates, if approved.

We rely on our manufacturers to purchase from third-party suppliers the materials necessary to produce our product candidates for our clinical studies. Any significant delay or discontinuation in the supply of such materials would delay completion of our clinical studies and harm our business.

There are a limited number of suppliers for raw materials that we use to manufacture our drugs, and there may be a need to identify alternate suppliers to prevent a possible disruption of the manufacture of the materials necessary to produce our product candidates for our clinical studies, and, if approved, ultimately for commercial sale. We do not have any control over the process or timing of the acquisition of these raw materials by our manufacturers. Although we generally do not begin a clinical study unless we believe we have on hand, or will be able to manufacture a sufficient supply of a product candidate to complete such study, any significant delay or discontinuity in the supply of a product candidate, or the raw material components thereof, for an ongoing clinical study due to the need to replace a third-party manufacturer could considerably delay completion of our clinical studies, product testing, and potential regulatory approval of our product candidates, which could harm our business and results of operations.

Any inability to obtain suppliers, including an inability to obtain, or delay in obtaining, approval of a supplier from the Competent Authorities of the Member States of the EMA, the FDA or other regulatory authorities, would delay or prevent the clinical development and commercialization of our product candidates, and could impact our ability to meet supply obligations to collaboration partners for the development of, or future marketing and sale, of our product candidates.

If product liability lawsuits are brought against us, we may incur substantial liabilities and may be required to limit commercialization of our product candidates.

Our business exposes us to potential product liability risks which are inherent in research and development, preclinical and clinical studies, manufacturing, marketing and use of our product candidates. For

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example, we may be sued if any product we develop allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design, a failure to warn of dangers inherent in the product, negligence, strict liability, and a breach of warranties. Claims could also be asserted under state consumer protection acts. Product liability claims may be expensive to defend and may result in judgments against us which are potentially punitive. If we cannot successfully defend ourselves against product liability claims, we may incur substantial liabilities or be required to limit commercialization of our product candidates. Even successful defense would require significant financial and management resources. Regardless of the merits or eventual outcome, liability claims may result in:

- decreased demand for our product candidates;
- injury to our reputation;
- withdrawal of clinical trial participants;
- costs to defend the related litigation;
- a diversion of management's time and our resources;
- substantial monetary awards to trial participants or patients;
- regulatory investigations, product recalls or withdrawals, or labeling, marketing or promotional restrictions;
- loss of revenue; and
- the inability to commercialize or co-promote our product candidates.

It is generally necessary for us to secure certain levels of insurance as a condition for the conduct of clinical studies. We believe that our product liability insurance for clinical studies is sufficient to cover claims. We currently maintain liability insurance with certain specified coverage limits. We cannot be certain that the insurance policies will be sufficient to cover all claims that may be made against us. Our inability to obtain and maintain sufficient product liability insurance at an acceptable cost and scope of coverage to protect against potential product liability claims could prevent or inhibit the commercialization of any products we develop. We currently carry product liability insurance covering use in our clinical trials in the amount of \$8 million in the aggregate. Any claim that may be brought against us could result in a court judgment or settlement in an amount that is not covered, in whole or in part, by our insurance or that is in excess of the limits of our insurance coverage. Our insurance policies also have various exclusions and deductibles, and we may be subject to a product liability claim for which we have no coverage. We will have to pay any amounts awarded by a court or negotiated in a settlement that exceed our coverage limitations or that are not covered by our insurance, and we may not have, or be able to obtain, sufficient capital to pay such amounts. Moreover, in the future, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses. Product liability insurance is expensive, difficult to obtain and may not be available in the future on acceptable terms.

We will need to significantly increase the size of our organization and we may have difficulties in managing our growth and expanding our operations successfully.

As of December 31, 2014, we had 55 full-time employees. As we and/or our collaboration partners advance our product candidates through the development and commercialization process, we will need to expand managerial, operational, financial and other resources in order to manage our operations, preclinical and clinical trials, research and development activities, regulatory filings, manufacturing and supply activities, and any

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marketing and commercialization activities or contract with other organizations to provide these capabilities for us. As operations expand, we expect that we will need to manage additional relationships with various collaboration partners, suppliers and other organizations. Our ability to manage our operations and growth requires us to continue to improve our operational, financial and management controls, reporting systems and procedures. Such growth could place a strain on our administrative and operational infrastructure. We may not be able to make improvements to our management information and control systems in an efficient or timely manner and may discover deficiencies in existing systems and controls. Our management, personnel, systems and facilities currently in place may not be adequate to support this future growth. Our need to effectively execute our growth strategy requires that we either internally, together with our collaboration partners or through third party contractors, as applicable:

- expand our general and administrative functions;
- identify, recruit, retain, incentivize and integrate additional employees;
- manage our internal development efforts effectively while carrying out our contractual obligations to third parties;
- establish and build a marketing and commercial organization; and
- continue to improve our operational, legal, financial and management controls, reporting systems and procedures.

If we are not able to attract, retain and motivate necessary personnel to accomplish our business objectives, we may experience constraints that will significantly impede the achievement of our development objectives, our ability to raise additional capital and our ability to implement our business strategy.

We will incur significant costs as a result of operating as a publicly traded company, and our senior management will devote substantial time to new compliance initiatives. We may fail to comply with the rules that apply to public companies, including Section 404 of the Sarbanes-Oxley Act of 2002, which could result in sanctions or other penalties that would harm our business.

We will incur significant legal, accounting and other expenses as a publicly traded company, including costs resulting from public company reporting obligations under the Securities Exchange Act of 1934, as amended, or the Exchange Act, and regulations regarding corporate governance practices. Our senior management and other personnel will need to devote a substantial amount of time to ensure that we comply with all of these requirements. Moreover, the reporting requirements, rules and regulations will increase our legal and financial compliance costs and will make some activities more time consuming and costly. Any changes we make to comply with these obligations may not be sufficient to allow us to satisfy our obligations as a public company on a timely basis, or at all. These reporting requirements, rules and regulations, coupled with the increase in potential litigation exposure associated with being a public company, could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors or board committees or to serve as members of our senior management, or to obtain certain types of insurance, including directors' and officers' insurance, on acceptable terms.

After this offering, we will be subject to Section 404 of The Sarbanes-Oxley Act of 2002, or Section 404, and the related rules of the Securities and Exchange Commission, or SEC, which generally require our senior management and independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting. Beginning with the second annual report that we will be required to file with the SEC, Section 404 requires an annual management assessment of the effectiveness of our internal control over financial reporting. However, for so long as we remain an emerging growth company as defined in the JOBS Act we intend to take advantage of certain exemptions from various reporting requirements that are

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applicable to public companies that are not emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404. Once we are no longer an emerging growth company or, if prior to such date, we opt to no longer take advantage of the applicable exemption, we will be required to include an opinion from our independent registered public accounting firm on the effectiveness of our internal controls over financial reporting. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenue of at least \$1 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of the ADSs held by non-affiliates exceeds \$700 million as of the prior June 30th, and (2) the date on which we have issued more than an aggregate of \$1 billion in non-convertible debt during the prior three-year period.

To date, we have never conducted a review of our internal control for the purpose of providing the reports required by these rules. During the course of our review and testing, we may identify deficiencies and be unable to remediate them before we must provide the required reports. Furthermore, if we have a material weakness in our internal controls over financial reporting, we may not detect errors on a timely basis and our consolidated financial statements may be materially misstated. We or our independent registered public accounting firm may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting, which could harm our operating results, cause investors to lose confidence in our reported financial information and cause the trading price of the ADSs to fall. In addition, as a public company we will be required to file accurate and timely annual reports with the SEC under the Exchange Act. Any failure to report our financial results on an accurate and timely basis could result in sanctions, lawsuits, delisting of the ADSs from The NASDAQ Global Market or other adverse consequences that would harm our business.

Our operating results may vary significantly from period to period and these variations may be difficult to predict.

Our potential future revenues and operating results are expected to vary significantly from period to period due to a number of factors. Many of these factors are outside of our control. These factors include:

- the timing of regulatory approvals, if any, for our most advanced product candidates;
- the initiation of intellectual property litigation by third parties;
- the amount and timing of operating costs and capital expenditures relating to the expansion of our business operations and facilities;
- the timing of the commencement, completion or termination of collaboration agreements;
- the timing and amount of payments to us under our collaboration agreements, if any;
- the introduction of new products and services by us, our collaboration partners or our competitors;
- delays in preclinical testing and clinical studies;
- changes in regulatory requirements for clinical studies;
- costs and expenses associated with preclinical testing and clinical studies; and
- payment of license fees for the right to use third-party proprietary rights.

Our revenues in any particular period may be lower than we anticipate and, if we are unable to reduce spending in that period, our operating results will be harmed.

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We may engage in strategic transactions that could impact our liquidity, increase our expenses and present significant distractions to our management.

We may consider strategic transactions, such as acquisitions of companies, asset purchases, and in-licensing or out-licensing of products, product candidates or technologies. Additional potential transactions that we may consider include a variety of different business arrangements, including spin-offs, strategic partnerships, joint ventures, restructurings, divestitures, business combinations and investments. Any such transaction may require us to incur non-recurring or other charges, may increase our near- and long-term expenditures and may pose significant integration challenges or disrupt our senior management or business, which could adversely affect our operations and financial results. For example, these transactions may entail numerous operational and financial risks, including:

- up-front, milestone and royalty payments, equity investments and financial support of new research and development candidates including increase of personnel, all of which may be substantial;
- exposure to unknown liabilities, including potential indemnification claims from a potential spin-off or out-license of certain of our intellectual property rights;
- disruption of our business and diversion of our management's time and attention in order to develop acquired products, product candidates or technologies;
- incurrence of substantial debt or dilutive issuances of equity securities to pay for acquisitions;
- higher-than-expected acquisition and integration costs;
- lower-than-expected benefits from out-licensing or selling our technology, intellectual property or any of our subsidiaries;
- write-downs of assets or goodwill or impairment charges;
- difficulty and cost in combining or separating the operations and personnel of any acquired or sold businesses with our existing operations and personnel;
- impairment of relationships with key suppliers or customers of any acquired or sold businesses due to changes in our senior management and ownership; and
- inability to retain key employees of any acquired businesses.

Accordingly, although we cannot be certain that we will undertake or successfully complete any transactions of the nature described above, any transactions that we do complete may be subject to the foregoing or other risks, and could harm our business, results of operations, financial condition and prospects.

Exchange rate fluctuations or abandonment of the euro currency may harm our results of operations and financial condition.

Due to the international scope of our operations, fluctuations in exchange rates, particularly between the euro, the Danish krone and the U.S. dollar, may adversely affect us. Although we are based in Denmark, we source research and development, manufacturing, consulting and other services from several countries. In addition, our arrangements with our collaboration partners are denominated in the euro or the U.S. dollar. Further, potential future revenue may be derived from abroad, including from the United States. As a result, our business and the price of the ADSs may be affected by fluctuations in foreign exchange rates between the euro and these other currencies, which may also have a significant impact on our reported results of operations and

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cash flows from period to period. We currently do not enter into foreign exchange contracts to cover our exposure to exchange rate fluctuations, or any other form of exchange rate hedging arrangements. If we fail to manage foreign exchange risk adequately our business, results of operations and prospects, and the value of our shares or ADSs may be adversely affected.

In addition, the possible abandonment of the euro by one or more members of the European Union could harm our business in the future. Despite measures taken by the European Union to provide funding to certain E.U. member states in financial difficulties and by a number of European countries to stabilize their economies and reduce their debt burdens, it is possible that the euro could be abandoned in the future as a currency by countries that have adopted its use. This could lead to the re-introduction of individual currencies in one or more E.U. member states. The effects on our business of a potential dissolution of the European Union, the exit of one or more E.U. member states from the European Union or the abandonment of the euro as a currency, are impossible to predict with certainty, and any such events could harm our business, financial condition and results of operations.

Risks associated with our international operations, including seeking and obtaining approval to commercialize our product candidates in foreign jurisdictions, could harm our business.

We engage extensively in international operations, which include seeking marketing approval for certain of our product candidates in foreign jurisdictions. We expect that we are or will be subject to additional risks related to entering into these international business markets and relationships, including:

- different regulatory requirements for drug approvals in foreign countries;
- differing U.S. and non-U.S. drug import and export rules;
- reduced protection for intellectual property rights in foreign countries;
- unexpected changes in tariffs, trade barriers and regulatory requirements;
- different reimbursement systems, and different competitive drugs;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign taxes, including withholding of payroll taxes;
- foreign currency fluctuations, which could result in increased operating expenses and reduced revenues, and other obligations incident to doing business in another country;
- workforce uncertainty in countries where labor unrest is more common than in the United States;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad;
- potential liability resulting from development work conducted by these distributors; and
- business interruptions resulting from geopolitical actions, including war and terrorism, or natural disasters.

The manufacture of our TransCon product candidates is dependent upon third party manufacturers that are based in other parts of the world, including Europe, Japan and Australia. This manufacturing process requires

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that the components used in our product candidates are transported long distances, through multiple countries, which increases the risk that issues in the global supply chain or other disruptions to the international marketplace could harm our business.

The parent drug, drug substance, drug product and other components of our product candidates are currently acquired from single-source suppliers. The loss of these suppliers, or their failure to supply could materially and adversely affect our business.

Our growth hormone parent drug is supplied by Hospira Adelaide Pty Ltd., and our drug substance and drug product for TransCon hGH are made by Rentschler Biotechnologie GmbH, or Rentschler, pursuant to our agreement with Rentschler. The intermediates of our proprietary TransCon linkers are made by CARBOGEN AMCIS AG under an agreement with CARBOGEN AMCIS AG and accompanying purchase orders. For products that utilize soluble TransCon carriers, NOF EUROPE (Belgium) NV supplies PEG and is responsible for coupling it to our TransCon linkers. OctoPlus Development N.V. manufactures and supplies the hydrogel micro-particles that we utilize in products based on our TransCon hydrogel technologies. We do not currently have any other suppliers for the drug substance, drug product or other components of our product candidates and, although we believe that there are alternate sources of supply that could satisfy our clinical and commercial requirements, we cannot provide assurance that identifying alternate sources and establishing relationships with such sources would not result in significant delay in the development of our product candidates. Additionally, we may not be able to enter into supply arrangements with alternative suppliers on commercially reasonable terms or at all. A delay in the development of our product candidates or having to enter into a new agreement with a different third party on less favorable terms than we have with our current suppliers could have a material adverse impact upon our business.

We may not be successful in our efforts to identify additional product candidates based on our TransCon technology.

An important element of our strategy is to develop new products and product candidates based on our TransCon technology. Research programs to identify new product candidates require substantial technical, financial and human resources. These research programs may initially show promise in identifying potential product candidates, yet fail to yield product candidates for clinical development for a number of reasons, including that:

- the research methodology used may not be successful in identifying potential product candidates; or
- potential product candidates may, on further study, be shown to have inadequate efficacy, harmful side effects or other characteristics suggesting that they are unlikely to be effective or safe products, or that they may not be sufficiently differentiated or offer substantial improvement over the currently available treatment options or standard of care in a given therapeutic category.

If we are unable to develop suitable product candidates through internal research programs or otherwise, we will not be able to increase our revenues in future periods, which could harm our business, results of operations and prospects, and the value of our shares or ADSs.

We are highly dependent on the services of our President and Chief Executive Officer, Jan Møller Mikkelsen, and our Chief Scientific Officer, Dr. Harald Rau, and if we are not able to retain these members of our senior management or recruit additional management, clinical and scientific personnel, our business will suffer.

Our success depends in part on our continued ability to attract, retain and motivate highly qualified personnel. We may not be able to attract or retain qualified management and scientific and clinical personnel in the future due to the intense competition for qualified personnel among biotechnology, pharmaceutical and other businesses. Our industry has experienced a high rate of turnover of management personnel in recent years. If we are not able to attract, retain and motivate necessary personnel to accomplish our business objectives, we may

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experience constraints that will significantly impede the achievement of our development objectives, our ability to raise additional capital and our ability to implement our business strategy.

In particular, we are highly dependent upon Jan Møller Mikkelsen, our President and Chief Executive Officer, and Dr. Harald Rau, our Chief Scientific Officer. The loss of services of either of these individuals could delay or prevent the successful development of our product pipeline, completion of our planned clinical trials or the commercialization of our product candidates.

We may have difficulties in attracting and retaining key personnel, and if we fail to do so our business may suffer.

We are highly dependent on the principal members of our senior management and scientific staff, the loss of whose services could adversely affect the achievement of planned development objectives. Although we have not historically experienced unique difficulties attracting and retaining qualified employees, we could experience such problems in the future. For example, competition for qualified personnel in the biotechnology and pharmaceuticals field is intense due to the limited number of individuals who possess the skills and experience required by our industry. This is particularly true in Heidelberg, Germany where we operate our research and development activities. As such, we could have difficulty attracting experienced personnel to our company and may be required to expend significant financial resources in our employee recruitment and retention efforts.

For us to further expand our product development plans, we will need to hire additional qualified scientific personnel to perform research and development. We will also need to hire personnel with expertise in clinical testing, government regulation and finance, and might need to hire personnel with expertise in manufacturing and marketing. We may not be able to attract and retain personnel on acceptable terms, given the competition for such personnel among biotechnology, pharmaceutical and healthcare companies, universities and non-profit research institutions. Although we may be successful in attracting and retaining suitably qualified scientific personnel, there can be no assurance that we will be able to attract and retain such personnel on acceptable terms given the competition for experienced scientists from numerous pharmaceutical and chemical companies, specialized biotechnology firms, universities and other research institutions. Our failure to do so could adversely affect our business, results of operations and prospects, and the value of our shares or ADSs.

Our internal computer systems, or those of our CROs or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of our product development programs and other critical business functions.

Despite the implementation of security measures, our internal computer systems and those of our CROs and other contractors and consultants are vulnerable to damage from computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. While we have not experienced any such system failure, accident or security breach to date, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our programs. For example, the loss of clinical trial data from completed or ongoing clinical trials for any of our product candidates could result in delays in our regulatory approval efforts, and the loss of research data could result in delays of our research and development efforts and it would be expensive to recover or reproduce the data. To the extent that any disruption or security breach results in a loss of or damage to our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability and the further development of our product candidates could be delayed.

Risks Related to Government Regulatory and Legal Requirements

The regulatory approval processes of the EMA, the FDA and comparable authorities are lengthy, time consuming, and inherently unpredictable. If we are ultimately unable to obtain regulatory approval for our product candidates, our business will be substantially harmed.

The research, testing, manufacturing, labeling, approval, selling, import, export, marketing and distribution of drug products are subject to extensive regulation by the FDA, E.U. legislative bodies and other regulatory authorities in the United States, the EEA and other jurisdictions, which regulations differ from country to country. Neither we nor any of our collaboration partners is permitted to market any drug product in the United States until we receive marketing approval from the FDA. Equally, neither we nor any of our collaboration partners is permitted to market any drug product in the EEA until we receive a marketing authorization from the EMA or EEA Member State Competent Authorities. We have not submitted an application or obtained marketing approval for any of our product candidates anywhere in the world. Obtaining regulatory approval of a new drug application, or NDA, or marketing authorization, can be a lengthy, expensive and uncertain process. In addition, failure to comply with FDA and other applicable U.S., EEA and foreign regulatory requirements may subject us to administrative or judicially imposed sanctions or other actions, including:

- warning letters;
- civil and criminal penalties;
- injunctions;
- withdrawal of regulatory approval of products;
- product seizure or detention;
- product recalls;
- total or partial suspension of production; and
- refusal to approve pending NDAs, marketing authorization applications, or supplements to approved NDAs or extensions or variations to marketing authorizations.

Prior to obtaining approval to commercialize a drug candidate in the United States, the EEA or abroad, we or our collaboration partners must demonstrate with substantial evidence from well-controlled clinical trials, and to the satisfaction of the EMA, the FDA or other similar regulatory authorities, that such drug candidates are safe and effective for their intended uses. The number of nonclinical studies and clinical trials that will be required for FDA, or EMA approval varies depending on the drug candidate, the disease or condition that the drug candidate is designed to address, and the regulations applicable to any particular drug candidate. Results from nonclinical studies and clinical trials can be interpreted in different ways. Even if we believe the nonclinical or clinical data for our drug candidates are promising, such data may not be sufficient to support approval by the EMA, the FDA and other regulatory authorities. Administering drug candidates to humans may produce undesirable side effects, which could interrupt, delay or halt clinical trials and result in the EMA, the FDA or other regulatory authorities denying approval of a drug candidate for any or all targeted indications.

The time required to obtain approval by the EMA, the FDA and comparable authorities is unpredictable, typically takes many years following the commencement of clinical studies, and depends upon numerous factors. The EMA, the FDA and comparable authorities have substantial discretion in the approval process and we may encounter matters with the EMA, the FDA or such comparable authorities that requires us to expend additional time and resources and delay or prevent the approval of our product candidates. For example, the FDA or EMA may

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require us to conduct additional studies or trials for drug products either prior to or post-approval, such as additional drug-drug interaction studies or safety or efficacy studies or trials, or it may object to elements of our clinical development program such as the number of subjects in our current clinical trials from the United States or Europe. In addition, approval policies, regulations or the type and amount of clinical data necessary to gain approval may change during the course of a product candidate's clinical development and may vary among jurisdictions, which may cause delays in the approval or result in a decision not to approve an application for regulatory approval. Despite the time and expense exerted, failure can occur at any stage. Applications for our product candidates could fail to receive regulatory approval for many reasons, including but not limited to the following:

- the EMA, the FDA or other comparable foreign regulatory authorities may disagree with the design or implementation of our, or our collaboration partners', clinical studies;
- the population studied in the clinical program may not be sufficiently broad or representative to assure safety in the full population for which approval is sought;
- the EMA, the FDA or comparable foreign regulatory authorities may disagree with the interpretation of data from preclinical studies or clinical studies;
- the data collected from clinical studies of our product candidates may not be sufficient to support the submission of a NDA, marketing authorization application, or other submission or to obtain regulatory approval in the United States, the EEA or elsewhere;
- we, or our collaboration partners, may be unable to demonstrate to the EMA, the FDA or comparable foreign regulatory authorities that a product candidate's risk-benefit ratio for its proposed indication is acceptable;
- the EMA, the FDA or comparable foreign regulatory authorities may fail to approve the manufacturing processes, test procedures and specifications, or facilities of third-party manufacturers responsible for clinical and commercial supplies; and
- the approval policies or regulations of the EMA, the FDA or comparable foreign regulatory authorities may significantly change in a manner rendering our clinical data insufficient for approval.

This lengthy approval process, as well as the unpredictability of the results of clinical studies, may result in our failure to obtain regulatory approval to market any of our product candidates, which would significantly harm our business, results of operations, and prospects. Additionally, if the FDA requires that we conduct additional clinical studies, places limitations on our label, delays approval to market our product candidates or limits the use of our products, our business and results of operations may be harmed.

In addition, even if we were to obtain approval, regulatory authorities may approve any of our product candidates for fewer or more limited indications than we request, may not approve the price we intend to charge for our products, may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Any of the foregoing scenarios could harm the commercial prospects for our product candidates.

We do not have and may never obtain the regulatory approvals we need to market our product candidates.

We have not yet received any regulatory approvals required for the commercial sale of TransCon hGH, or any of our other product candidates in the United States, the EEA or in any other jurisdiction. Furthermore, we have yet to submit an NDA to the FDA, or a Marketing Authorization Application, or MAA, to the EMA,

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national regulatory authorities in Europe or to any international regulatory authorities for any of our other product candidates. We have only limited experience in filing and pursuing applications necessary to obtain regulatory approval or licensure, and we cannot be certain that any of our product candidates will be approved or licensed for marketing. The process of applying for regulatory approval is expensive, often takes many years and can vary substantially based upon the type, complexity and novelty of the product candidates involved. If any or all of our product candidates are not approved, this could harm our business, results of operations and prospects, and the value of our shares or ADSs.

If we are unable to file an MAA for approval to the EMA for our product candidates, or if we are required to generate additional data related to safety and efficacy, in order to obtain approval under Sections 505(b)(1) or 505(b)(2) of the FDA for any of our product candidates, we may be unable to meet our anticipated development and commercialization timelines.

In certain circumstances, such as with TransCon hGH, we plan to submit NDAs for our product candidates under Section 505(b)(2) of the Federal Food, Drug, and Cosmetic Act, or the Act. Section 505(b)(2) NDAs entail efforts to minimize data required in order to obtain marketing approval for a product candidate and therefore potentially a shortened development period for these applications. We cannot guarantee that any of our product candidates, including TransCon hGH, may be submitted under Section 505(b)(2) of the Act and the FDA has not confirmed to us that Section 505(b)(2) is an acceptable regulatory approval pathway for TransCon hGH or any of our other product candidates. In addition, our regulatory strategy of utilizing a single Phase 3 clinical study utilizing the active comparator Genotropin® in order to support an NDA submission for TransCon hGH for indications beyond pediatric GHD relies upon the Section 505(b)(2) approval pathway and, if this pathway is not accepted by the FDA, we would be required to pursue multiple pivotal clinical trials with TransCon hGH in order to obtain the necessary regulatory approvals to pursue these additional indications.

While we have an active IND with the FDA for TransCon hGH in adult indications, we have not had substantive discussions with the FDA regarding the development of TransCon hGH in pediatric indications, or the nature or extent of studies we may be required to conduct in order to achieve approval of TransCon hGH in the United States for pediatric indications. The timeline for submission and review of our MAAs and NDAs is based on our plan to submit those materials, wherein we will rely in part on data in the public domain or prior conclusions of safety or effectiveness concerning a drug. We have not yet filed an MAA with the EMA for any of our product candidates. Depending on the data that may be required by the EMA for approval, some of the data may be related to products already approved by the EMA. If the data relied upon is related to products already approved by the EMA and covered by data we could be required to conduct substantial new research and development activities beyond those in which we currently plan to engage in order to obtain approval of our product candidates. Such additional new research and development activities would be costly and time consuming.

We are developing a pen device to facilitate the administration of TransCon hGH by end-users and additional time may be required to obtain regulatory approval for our pen device.

We are developing a pen device with Bang & Olufsen Medicom A/S to facilitate the administration of TransCon hGH by patients. We anticipate the EMA, the FDA and other similar regulatory authorities will require a separate approval of our pen device that is in addition to the approval we are seeking for the drug component of TransCon hGH. Because of our pen device, the FDA's review of TransCon hGH may include the participation of both the FDA's Center for Drug Evaluation and Research and the FDA's Center for Devices and Radiological Health, which may complicate or prolong the review. As a result, we may experience delays for our pen device and TransCon hGH.

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Safety issues with the parent drugs or other components of our product candidates, or with approved products of third parties that are similar to our product candidates, could give rise to delays in the regulatory approval process.

Our product development portfolio consists of prodrugs that are new molecular entities that incorporate existing parent drug molecules, many of which have been previously approved by the EMA, the FDA or other foreign regulatory authorities. Discovery of previously unknown problems with any of the parent drugs that we use in our TransCon product candidates may result in restrictions on its permissible uses, including withdrawal of the product from the market.

Additionally, problems with approved parent drugs marketed by third parties that utilize the same therapeutic target as the parent drug we use in our TransCon product candidates could adversely affect the development of our product candidates.

Any failure or delay in commencing or completing clinical trials or obtaining regulatory approvals for our product candidates would delay commercialization of the product candidates and severely harm our business and financial condition.

We are subject to extensive and costly government regulation. If we fail to obtain or maintain governmental approvals, we will not be able to commercialize our product candidates and our business will suffer.

Pharmaceutical products, including product candidates employing our technology, are subject to extensive and rigorous government regulation. The FDA, the EMA and other regulatory authorities regulate the development, testing, manufacture, safety, efficacy, record-keeping, labeling, storage, approval, advertising, promotion, sale and distribution of pharmaceutical products. If products employing our technology are marketed in countries outside of the European Union and the United States, they will also be subject to extensive regulation by other governments. The regulatory review and approval or licensing process, including preclinical testing and clinical studies of each product candidate, is lengthy, expensive and uncertain. Securing marketing approval requires the submission of extensive preclinical and clinical data and supporting information to the FDA, EMA and/or EEA Competent Authorities for each indication to establish the candidate's safety and efficacy. The approval process takes many years, requires substantial resources, involves post-marketing surveillance, and may involve ongoing post-marketing studies. While clinical studies are designed with scientific advice from regulatory authorities, such plans must often be put in place years in advance of application for marketing approval. At the time of such application, the clinical and regulatory environment may have changed significantly as a result of new scientific discoveries, competitor product evaluations, changes in medical health care policies, new technical standards and other factors beyond our control.

Regulators can refuse marketing approval, or can require us or our collaboration partners to repeat previous clinical studies or conduct further clinical studies. A pre-approval inspection of manufacturing facilities by regulatory authorities may need to be completed before marketing approval can be obtained, and such facilities will be subject to periodic inspections that could prevent or delay marketing approval, or require the expenditure of financial or other resources to address. If we or our collaboration partners do not succeed in obtaining regulatory approval, or succeed only after delays, this could have a material effect on our ability to generate revenues. Delays in obtaining regulatory approvals may:

- adversely affect the successful commercialization of any product that we or our collaboration partners develop;
- impose costly procedures on us or our collaboration partners;
- diminish any competitive advantages in the market place that we or our collaboration partners may attain; and

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- adversely affect our receipt of revenues or royalties.

Material changes to an approved product, such as manufacturing changes or additional labeling claims, require further FDA and EMA and/or EEA Competent Authorities review and approval before marketing. Once obtained, any approvals may be withdrawn or revoked because of unforeseen safety, effectiveness or potency concerns or failure to comply with governmental regulations. Further, if we, our collaboration partners or our contract manufacturers fail to comply with applicable FDA, EMA, and/or EEA Competent Authorities regulatory requirements at any stage during the regulatory process, the FDA, EMA, and/or EEA Competent Authorities and other regulatory authorities may impose sanctions, including:

- delays;
- warning letters;
- fines;
- importation restrictions; product recalls or seizures;
- injunctions;
- refusal of the FDA, EMA or other regulatory authorities to review pending market approval applications or supplements to approval applications;
- total or partial suspension of production;
- suspension or debarment from selling FDA-regulated products to the U.S. government for periods of time that vary depending on the cause of such suspension or debarment;
- civil penalties;
- withdrawal or revocation of previously approved marketing applications or licenses; and
- criminal prosecutions.

Even if we receive regulatory approval for a product candidate, we will be subject to ongoing regulatory obligations and review, which may result in significant additional expense. Additionally, any product candidates, if approved, could be subject to labeling and other restrictions and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products.

The governmental regulation of the development of products and product candidates extends beyond clinical studies to approval required for their sale and monitoring of such products after sale. This regulation, approval and monitoring is the responsibility of numerous authorities in Denmark, the United States, the European Union and authorities in other territories. Following any regulatory approval of a product candidate, we, our collaboration partners and the manufacturers of our products will be subject to continuing regulatory obligations, including safety reporting requirements, regulatory oversight of product promotion and marketing, and cGMP requirements. Furthermore, the manufacturing processes, labeling, packaging, distribution, adverse event reporting, storage, advertising, promotion and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These regulations cover all aspects of manufacturing, testing, quality control and record keeping of our products. If we or our collaboration partners or manufacturers fail to comply with applicable regulatory requirements, we may be subject to fines, suspension or withdrawal of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecution. These requirements include submissions of safety and other post-marketing information and reports, registration, as well as continued compliance with

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cGMPs and GCPs for any clinical trials that we conduct post-approval. As such, we and our third party contract manufacturers will be subject to continual review and periodic inspections to assess compliance with regulatory requirements. Accordingly, we and others with whom we work must continue to expend time, money, and effort in all areas of regulatory compliance, including manufacturing, production, and quality control. Regulatory authorities may also impose significant restrictions on a product's indicated uses or marketing or impose ongoing requirements for potentially costly post-marketing studies. Furthermore, any new legislation addressing drug safety issues could result in delays or increased costs to assure compliance.

In the United States, advertising and promotional materials must comply with FDA rules in addition to other potentially applicable U.S. laws. In particular, the promotional claims that we would be permitted to make for our products would be limited to those supported by the approved product labeling. The distribution of product samples to physicians must comply with the requirements of the Prescription Drug Marketing Act. Manufacturing facilities remain subject to FDA inspection and must continue to adhere to International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use and the FDA's cGMP requirements. Application holders must obtain FDA approval for product and manufacturing changes, depending on the nature of the change. Sales, marketing, and scientific/educational grant programs must comply with the U.S. Anti-Kickback Statute, the False Claims Act, as amended, and similar state laws. Pricing and rebate programs must comply with the Medicaid Drug Rebate Program requirements of the Omnibus Budget Reconciliation Act of 1990, as amended. If products are made available to authorized users of the Federal Supply Schedule of the General Services Administration, additional laws and requirements apply. All of these activities are also potentially subject to U.S. consumer protection and unfair competition laws.

We will also be required to report certain adverse reactions and production problems, if any, to the FDA, and to comply with requirements concerning advertising and promotion for our products. Promotional communications with respect to prescription drugs are subject to a variety of legal and regulatory restrictions and must be consistent with the information in the product's approved label. As such, we may not promote our products for indications or uses for which they do not have FDA approval.

Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with our third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- warning letters, fines or holds on clinical trials;
- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market or voluntary or mandatory product recalls;
- injunctions or the imposition of civil or criminal penalties;
- suspension or revocation of existing regulatory approvals;
- suspension of any of our ongoing clinical trials;
- refusal to approve pending applications or supplements to approved applications submitted by us;
- restrictions on our or our contract manufacturers' operations; or
- product seizure or detention, or refusal to permit the import or export of products.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response, and could generate negative publicity. Any failure to comply with ongoing regulatory requirements may significantly and adversely affect our ability to commercialize our product candidates. If regulatory sanctions are applied or if regulatory approval is withdrawn, the value of our company and our operating results will be adversely affected.

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In addition, the FDA's policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained, which would adversely affect our business, prospects and ability to achieve or sustain profitability.

Within the European Union, once a Marketing Authorization is obtained, numerous post-approval requirements also apply, and as in the United States, the off-label promotion of medicinal products is not permitted. The requirements are regulated by both E.U. regulations (such as reporting of adverse events) as well as national applicable regulations (related to prices and promotional material).

The regulatory requirements relating to the manufacturing, testing, marketing and sale of pharmaceutical products are subject to periodic change. This may impact our ability and the ability of our collaboration partners to conduct clinical studies in the European Union. Changes in the regulations governing us could increase costs and adversely affect our business.

Furthermore, companies developing pharmaceutical products are facing increased demands to publish clinical trial results. Any such publication by us may, in addition to the additional cost of the publication, lead to investors misinterpreting the published data due to its technical and scientific nature, which, in turn, may adversely affect our business, results of operations and prospects and the value of our shares or ADSs.

Third-party payor coverage and reimbursement status of newly-approved products is uncertain. Failure to obtain or maintain adequate coverage and reimbursement for our product candidates could limit our ability to market those products and decrease our ability to generate revenue.

The availability and adequacy of coverage and reimbursement by governmental healthcare programs such as Medicare and Medicaid, private health insurers and other third-party payors are essential for most patients to be able to afford treatments such as ours, assuming approval. Our ability to achieve acceptable levels of coverage and reimbursement for drug treatments by governmental authorities, private health insurers and other organizations will have an effect on our ability to successfully commercialize, and attract additional collaboration partners to invest in the development of our product candidates. We cannot be sure that coverage and reimbursement in the United States, the European Union or elsewhere will be available for any product that we may develop, and any reimbursement that may become available may be decreased or eliminated in the future. Third-party payors increasingly are challenging prices charged for pharmaceutical products, medical devices and services, and many third-party payors may refuse to provide coverage and reimbursement for particular drugs when an equivalent generic drug is available. It is possible that a third-party payor may consider our product candidate and the generic parent drug as substitutable and only offer to reimburse patients for the generic drug. Even if we show improved efficacy or improved convenience of administration with our product candidate, pricing of the existing parent drug may limit the amount we will be able to charge for our product candidate. If reimbursement is not available or is available only at limited levels, we may not be able to successfully commercialize our product candidates, and may not be able to obtain a satisfactory financial return on products that we may develop.

There is significant uncertainty related to the insurance coverage and reimbursement of newly approved products. In the United States, third-party payors, including private and governmental payors, such as the Medicare and Medicaid programs, play an important role in determining the extent to which new drugs, biologics and medical devices will be covered. The Medicare and Medicaid programs increasingly are used as models for how private payors and other governmental payors develop their coverage and reimbursement policies for drugs, biologics and medical devices. It is difficult to predict at this time what third-party payors will decide with respect to the coverage and reimbursement for our product candidates.

Outside the United States, international operations are generally subject to extensive governmental price controls and other market regulations, and we believe the increasing emphasis on cost-containment initiatives in

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Europe, Canada, and other countries has and will continue to put pressure on the pricing and usage of our product candidates. In many countries, the prices of medical products are subject to varying price control mechanisms as part of national health systems. Other countries allow companies to fix their own prices for medical products, but monitor and control company profits. Additional foreign price controls or other changes in pricing regulation could restrict the amount that we are able to charge for our product candidates. Accordingly, in markets outside the United States, the reimbursement for our products may be reduced compared with the United States and may be insufficient to generate commercially reasonable revenue and profits.

Moreover, increasing efforts by governmental and third-party payors in the United States and abroad to cap or reduce healthcare costs may cause such organizations to limit both coverage and the level of reimbursement for new products approved and, as a result, they may not cover or provide adequate payment for our product candidates. We expect to experience pricing pressures in connection with the sale of any of our product candidates due to the trend toward managed healthcare, the increasing influence of health maintenance organizations, and additional legislative changes. The downward pressure on healthcare costs in general, particularly prescription drugs, medical devices and surgical procedures and other treatments, has become very intense. As a result, increasingly high barriers are being erected to the entry of new products.

We and our collaboration partners and contract manufacturers are subject to significant regulation with respect to manufacturing our product candidates. The manufacturing facilities on which we rely may not continue to meet regulatory requirements or may not be able to meet supply demands.

We depend on third parties to manufacture products employing our technology. Components of a finished therapeutic product approved for commercial sale or used in late-stage clinical studies must be manufactured in accordance with cGMP. These regulations govern manufacturing processes and procedures (including record keeping) and the implementation and operation of quality systems to control and assure the quality of investigational products and products approved for sale. All entities involved in the preparation of product candidates for clinical studies or commercial sale, including our existing contract manufacturers for our product candidates, are subject to extensive regulation. Manufacturing facilities are subject to pre-approval and ongoing periodic inspection by the FDA, EEA Competent Authorities and other corresponding governmental authorities, including unannounced inspections, and must be licensed before they can be used in commercial manufacturing of products employing our technology. After regulatory approvals or licensure are obtained, the subsequent discovery of previously unknown manufacturing, quality control or regulatory documentation problems or failure to maintain compliance with the regulatory requirements may result in restrictions on the marketing of a product, revocation of the license, withdrawal of the product from the market, seizures, injunctions, or criminal sanctions. Poor control of production processes can lead to the introduction of contaminants or to inadvertent changes in the properties or stability of our product candidates that may not be detectable in final product testing. We, our collaboration partners, or our contract manufacturers must supply all necessary documentation in support of an NDA, MAA or comparable regulatory filing on a timely basis and must adhere to cGMP regulations enforced by the FDA, EEA Competent Authorities and other regulatory authorities through their facilities inspection programs. Some of our contract manufacturers have never produced a commercially approved pharmaceutical product and therefore have not obtained the requisite regulatory authority approvals to do so. Although we oversee the contract manufacturers, we cannot control the manufacturing process of, and are completely dependent on, our contract manufacturing partners for compliance with the regulatory requirements. If these facilities do not pass a pre-approval plant inspection, regulatory approval of the products may not be granted or may be substantially delayed until any violations are corrected to the satisfaction of the regulatory authority, if ever. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel.

The regulatory authorities also may, at any time following approval of a product for sale, audit the manufacturing facilities of our collaboration partners and third-party contractors. If any such inspection or audit identifies a failure to comply with applicable regulations or if a violation of our product specifications or applicable regulations occurs independent of such an inspection or audit, we or the relevant regulatory authority

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may require remedial measures that may be costly and/or time consuming for us or a third party to implement, and that may include the temporary or permanent suspension of a clinical study or commercial sales or the temporary or permanent suspension of production or closure of a facility. Any such remedial measures imposed upon us or third parties with whom we contract could harm our business.

If we, our collaboration partners, or any of our third-party manufacturers fail to maintain regulatory compliance, the FDA or other applicable regulatory authority can impose regulatory sanctions including, among other things, refusal to approve a pending application for a new drug product, withdrawal of an approval, or suspension of production. As a result, our business, financial condition, and results of operations may be harmed.

Additionally, if supply from one approved manufacturer is interrupted, an alternative manufacturer would need to be qualified through an NDA, a supplemental NDA, a marketing authorization variation application or equivalent foreign regulatory filing, which could result in further delay. The regulatory authorities may also require additional studies if a new manufacturer is relied upon for commercial production. Switching manufacturers may involve substantial costs and is likely to result in a delay in our desired clinical and commercial timelines.

These factors could cause us to incur higher costs and could cause the delay or termination of clinical studies, regulatory submissions, required approvals, or commercialization of our product candidates. Furthermore, if our suppliers fail to meet contractual requirements and we are unable to secure one or more replacement suppliers capable of production at a substantially equivalent cost, our clinical studies may be delayed or we could lose potential revenue.

Our operations involve hazardous materials and we and third parties with whom we contract must comply with environmental laws and regulations, which can be expensive and restrict how we do business.

As a pharmaceutical company, we are subject to environmental and safety laws and regulations, including those governing the use of hazardous materials. The cost of compliance with health and safety regulations is substantial. Our business activities involve the controlled use of hazardous materials. Our research and development activities involve the controlled storage, use and disposal of hazardous materials, including the components of our product candidates and other hazardous compounds. We and manufacturers and suppliers with whom we may contract are subject to laws and regulations governing the use, manufacture, storage, handling and disposal of these hazardous materials. In some cases, these hazardous materials and various wastes resulting from their use are stored at our and our manufacturers' facilities pending their use and disposal. We cannot eliminate the risk of accidental contamination or injury from these materials, which could cause an interruption of our commercialization efforts, research and development efforts and business operations, environmental damage resulting in costly clean-up and liabilities under applicable laws and regulations governing the use, storage, handling and disposal of these materials and specified waste products. We cannot guarantee that the safety procedures utilized by third-party manufacturers and suppliers with whom we may contract will comply with the standards prescribed by laws and regulations or will eliminate the risk of accidental contamination or injury from these materials. In such an event, we may be held liable for any resulting damages and such liability could exceed our resources and European, U.S. federal and state or other applicable authorities may curtail our use of certain materials and/or interrupt our business operations. Furthermore, environmental laws and regulations are complex, change frequently and have tended to become more stringent. We cannot predict the impact of such changes and cannot be certain of our future compliance. We do not currently carry biological or hazardous waste insurance coverage. In the event of an accident or environmental discharge, we may be held liable for any consequential damage and any resulting claims for damages, which may exceed our financial resources and may materially adversely affect our business, results of operations and prospects, and the value of our shares or ADSs.

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If we fail to comply or are found to have failed to comply with EEA, FDA and other regulations related to the promotion of our products for unapproved uses, we could be subject to criminal penalties, substantial fines or other sanctions and damage awards.

The regulations relating to the promotion of products for unapproved uses are complex and subject to substantial interpretation by the EEA Competent Authorities, the FDA and other regulatory authorities. If any of our product candidates receives marketing approval, we and any collaboration partner will be restricted from marketing the product outside of its approved labeling, also referred to as off-label promotion. However, physicians may nevertheless prescribe an approved product to their patients in a manner that is inconsistent with the approved label, which is an off-label use. We intend to implement compliance and training programs designed to ensure that our sales and marketing practices comply with applicable regulations regarding off-label promotion. Notwithstanding these programs, the EEA Competent Authorities, the FDA or other government authorities may allege or find that our practices constitute prohibited promotion of our product candidates for unapproved uses. We also cannot be sure that our employees will comply with company policies and applicable regulations regarding the promotion of products for unapproved uses.

Over the past several years, a significant number of pharmaceutical and biotechnology companies have been the target of inquiries and investigations by various U.S. federal and state regulatory, investigative, prosecutorial and administrative entities in connection with the promotion of products for unapproved uses and other sales practices, including the Department of Justice and various U.S. Attorneys' Offices, the Office of Inspector General of the Department of Health and Human Services, the FDA, the Federal Trade Commission and various state Attorneys General offices. These investigations have alleged violations of various U.S. federal and state laws and regulations, including claims asserting antitrust violations, violations of the Food, Drug and Cosmetic Act, the False Claims Act, the Prescription Drug Marketing Act, anti-kickback laws, and other alleged violations in connection with the promotion of products for unapproved uses, pricing and Medicare and/or Medicaid reimbursement. Many of these investigations originate as "qui tam" actions under the False Claims Act. Under the False Claims Act, any individual can bring a claim on behalf of the government alleging that a person or entity has presented a false claim, or caused a false claim to be submitted, to the government for payment. The person bringing a qui tam suit is entitled to a share of any recovery or settlement. Qui tam suits, also commonly referred to as "whistleblower suits," are often brought by current or former employees. In a qui tam suit, the government must decide whether to intervene and prosecute the case. If it declines, the individual may pursue the case alone.

If the FDA or any other governmental agency initiates an enforcement action against us or if we are the subject of a qui tam suit and it is determined that we violated prohibitions relating to the promotion of products for unapproved uses, we could be subject to substantial civil or criminal fines or damage awards and other sanctions such as consent decrees and corporate integrity agreements pursuant to which our activities would be subject to ongoing scrutiny and monitoring to ensure compliance with applicable laws and regulations. Any such fines, awards or other sanctions would have an adverse effect on our revenue, business, financial prospects and reputation.

If approved, our product candidates may cause or contribute to adverse medical events that we are required to report to regulatory authorities and if we fail to do so we could be subject to sanctions that would harm our business.

Some participants in clinical trials of TransCon hGH have reported adverse medical events, including headache and fatigue. FDA, EEA, and foreign regulatory authority regulations require that we report certain information about adverse medical events if those products may have caused or contributed to those adverse events, both during their development and after commercialization, if approved. The timing of our obligation to report is triggered by the date we become aware of the adverse event as well as the nature of the event. We may fail to report adverse events we become aware of within the prescribed timeframe. We may also fail to appreciate that we have become aware of a reportable adverse event, especially if it is not reported to us as an adverse event or if it is an adverse event that is unexpected or removed in time from the use of our products. If we fail to comply with our reporting obligations, the FDA, EEA Competent Authorities, or a foreign regulatory authority

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could take action, including criminal prosecution, the imposition of civil monetary penalties, seizure of our products or delay in approval or clearance of future products.

Our employees, independent contractors, principal investigators, CROs, consultants, vendors and collaboration partners may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements.

We are exposed to the risk that our employees, independent contractors, principal investigators, CROs, consultants, vendors and collaboration partners may engage in fraudulent conduct or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or unauthorized activities that violate: (1) FDA regulations, including those laws that require the reporting of true, complete and accurate information to the FDA; (2) manufacturing standards; (3) U.S. federal and state fraud and abuse and other healthcare laws and regulations; or (4) laws that require the reporting of true and accurate financial information and data. Specifically, sales, marketing and business arrangements in the healthcare industry are subject to extensive laws and regulations intended to prevent fraud, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. These activities also include the improper use of information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter misconduct by employees and other third parties, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to be in compliance with such laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant civil, criminal and administrative penalties, damages, monetary fines, possible exclusion from participation in Medicare, Medicaid and other U.S. federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

Failure to obtain regulatory approvals in non-U.S. jurisdictions would prevent us from marketing our products internationally.

In the EEA, medicinal products can only be commercialized after obtaining a Marketing Authorization, or MA. There are two types of MA:

- The Community MA, which is issued by the European Commission through the centralized procedure, based on the opinion of the Committee for Medicinal Products for Human Use (CHMP) of the EMA, is valid throughout the entire territory of the EEA. The centralized procedure is mandatory for certain types of products, such as medicinal products derived from biotechnology processes, orphan medicinal products, and medicinal products containing a new active substance indicated for the treatment of AIDS, cancer, neurodegenerative disorders, diabetes and auto-immune and viral diseases. The centralized procedure is optional for products containing a new active substance not yet authorized in the EEA, or for products that constitute a significant therapeutic, scientific or technical innovation or which are in the interest of public health in the European Union.
- National MAs, which are issued by the Competent Authorities of the Member States of the EEA and only cover their respective territory, are available for products not falling within the mandatory scope of the centralized procedure. Where a product has already been authorized for marketing in a Member State of the EEA, this National MA can be recognized in other Member States through the mutual recognition procedure. If the product has not received a National MA in any Member State at the time of application, it can be approved simultaneously in various Member States through the decentralized procedure.

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Under the above described procedures, before granting the MA, the EMA or the Competent Authorities of the Member States of the EEA make an assessment of the risk-benefit balance of the product on the basis of scientific criteria concerning its quality, safety and efficacy.

In the EEA, the EMA's Committee for Orphan Medicinal Products grants orphan drug designation to promote the development of products that are intended for the diagnosis, prevention or treatment of life-threatening or chronically debilitating conditions affecting not more than five in 10,000 persons in the E.U. Community and for which no satisfactory method of diagnosis, prevention, or treatment has been authorized (or the product would be a significant benefit to those affected). Additionally, designation is granted for products intended for the diagnosis, prevention, or treatment of a life-threatening, seriously debilitating or serious and chronic condition and when, without incentives, it is unlikely that sales of the drug in the European Union would be sufficient to justify the necessary investment in developing the medicinal product. An E.U. orphan drug designation entitles a party to financial incentives such as reduction of fees or fee waivers and 10 years of market exclusivity is granted following medicinal product approval. This period may be reduced to six years if the orphan drug designation criteria are no longer met, including where it is shown that the product is sufficiently profitable not to justify maintenance of market exclusivity. Orphan drug designation must be requested before submitting an application for marketing approval. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process. At this time, we do not have an Orphan Medicinal Product Designation for TransCon hGH, or any of our other product candidates.

In the EEA, marketing authorization applications for new medicinal products not authorized have to include the results of studies conducted in the pediatric population, in compliance with a pediatric investigation plan, or PIP, agreed with the EMA's Pediatric Committee, or PDCO. The PIP sets out the timing and measures proposed to generate data to support a pediatric indication of the drug for which marketing authorization is being sought. The PDCO can grant a deferral of the obligation to implement some or all of the measures of the PIP until there are sufficient data to demonstrate the efficacy and safety of the product in adults. Further, the obligation to provide pediatric clinical trial data can be waived by the PDCO when these data is not needed or appropriate because the product is likely to be ineffective or unsafe in children, the disease or condition for which the product is intended occurs only in adult populations, or when the product does not represent a significant therapeutic benefit over existing treatments for pediatric patients. Once the marketing authorization is obtained in all Member States of the European Union and study results are included in the product information, even when negative, the product is eligible for six months' supplementary protection certificate extension. For orphan-designated medicinal products, the 10-year period of market exclusivity is extended to 12 years. At this time, we have not agreed to a PIP with the PDCO for TransCon hGH, or any of our other product candidates.

Outside the U.S. and the EEA, approval procedures vary among countries and can involve additional clinical testing, and the time required to obtain approval may differ from that required to obtain FDA or EEA approval. Clinical trials conducted in one country may not be accepted by regulatory authorities in other countries. Approval by the FDA, EMA, or EEA Competent Authorities does not ensure approval by regulatory authorities in other countries, and approval by one or more foreign regulatory authorities does not ensure approval by regulatory authorities in other foreign countries or by the FDA, EMA or EEA Competent Authorities. However, a failure or delay in obtaining regulatory approval in one country may have a negative effect on the regulatory process in others. The foreign regulatory approval process may include all of the risks associated with obtaining FDA approval, EMA, or EEA Competent Authority. We may not be able to file for regulatory approvals or to do so on a timely basis, and even if we do file we may not receive necessary approvals to commercialize our products in any market.

We may be subject to healthcare laws, regulation and enforcement; our failure to comply with these laws could harm our results of operations and financial conditions.

Although we do not currently have any products on the market, once we begin commercializing our products, we may be subject to additional healthcare, statutory and regulatory requirements and enforcement by

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the U.S. federal government and the states and foreign governments in which we conduct our business. The laws that may affect our ability to operate as a commercial organization include:

- the U.S. Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, receiving, offering or paying remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for, or the purchase, order or recommendation of, any good or service for which payment may be made under U.S. federal healthcare programs such as the Medicare and Medicaid programs;
- U.S. false claims laws which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid, or other third-party payors that are false or fraudulent;
- U.S. federal criminal laws that prohibit executing a scheme to defraud any healthcare benefit program or making false statements relating to healthcare matters;
- the U.S. Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, which governs the conduct of certain electronic healthcare transactions and protects the security and privacy of protected health information;
- the federal physician sunshine requirements under the Affordable Care Act, which requires certain manufacturers of drugs, devices, biologics, and medical supplies to report annually to the CMS information related to payments and other transfers of value to physicians, other healthcare providers, and teaching hospitals, and ownership and investment interests held by physicians and other healthcare providers and their immediate family members;
- state law equivalents of each of the above U.S. federal laws, such as anti-kickback and false claims laws which may apply to items or services reimbursed by any third-party payor, including commercial insurers;
- state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the applicable compliance guidance promulgated by the U.S. federal government, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources;
- state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers or marketing expenditures; and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways, thus complicating compliance efforts; and
- European and other foreign law equivalents of each of the laws, including reporting requirements detailing interactions with and payments to healthcare providers.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available, it is possible that some of our business activities could be subject to challenge under one or more of such laws. The risk of our being found in violation of these laws is increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Further, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, or collectively, the Affordable Care Act, among other things, amends the intent requirement of the U.S. federal Anti-Kickback Statute and criminal health care fraud statutes. A person or entity no longer needs to have actual knowledge of these statutes or specific intent to violate them. In addition, the

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Affordable Care Act provides that the government may assert that a claim including items or services resulting from a violation of the U.S. federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the false claims statutes.

Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. If our operations are found to be in violation of any of the laws described above or any other governmental laws and regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, the curtailment or restructuring of our operations, the exclusion from participation in U.S. federal and state healthcare programs and imprisonment, any of which could adversely affect our ability to market our products and adversely impact our financial results.

Legislative or regulatory healthcare reforms in the United States may make it more difficult and costly for us to obtain regulatory clearance or approval of our product candidates in the United States and to produce, market and distribute our products in the United States after clearance or approval is obtained.

From time to time, legislation is drafted and introduced in Congress that could significantly change the statutory provisions governing the regulatory clearance or approval, manufacture, and marketing of regulated products or the reimbursement thereof. In addition, FDA regulations and guidance are often revised or reinterpreted by the FDA in ways that may significantly affect our business and our products. Any new regulations or revisions or reinterpretations of existing regulations may impose additional costs or lengthen review times of our product candidates. We cannot determine what effect changes in regulations, statutes, legal interpretation or policies, when and if promulgated, enacted or adopted may have on our business in the future. Such changes could, among other things, require:

- additional clinical trials to be conducted prior to obtaining approval;
- changes to manufacturing methods;
- recall, replacement, or discontinuance of one or more of our products; and
- additional record keeping.

Each of these would likely entail substantial time and cost and could harm our business and our financial results. In addition, delays in receipt of or failure to receive regulatory clearances or approvals for any future products would harm our business, financial condition and results of operations.

In addition, the trend toward managed healthcare in the United States and the changes in health insurance programs, as well as legislative proposals to reform healthcare or reduce government insurance programs, may result in lower prices for pharmaceutical products, including any product that may be offered by us. In addition, any future regulatory change regarding the healthcare industry or third-party coverage and reimbursement may affect demand for any products that we may develop and could harm our sales and profitability. For example, in the United States, the Affordable Care Act was enacted in 2010 with a goal of reducing the cost of healthcare and substantially changing the way healthcare is financed by both government and private insurers. The Affordable Care Act, among other things, increased the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program and extended the rebate program to individuals enrolled in Medicaid managed care organizations, addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, established annual fees and taxes on manufacturers of certain branded prescription drugs and medical devices, and created a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D.

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In addition, other legislative changes have been proposed and adopted in the United States since the Affordable Care Act was enacted. On August 2, 2011, the Budget Control Act of 2011 created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least \$1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This included aggregate reductions of Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and will stay in effect through 2024 unless additional Congressional action is taken. On January 2, 2013, the American Tax Payer Relief Act was signed into law, which, among other things, further reduced Medicare payments to several providers, including hospitals.

We expect that additional U.S. local and national healthcare reform measures will be adopted within and outside the United States in the future, any of which could limit the amounts that governments will pay for healthcare products and services, which could result in reduced demand for our product candidates or additional pricing pressures. The continuing efforts of the U.S. government, insurance companies, managed care organizations and other payors of healthcare services to contain or reduce costs of healthcare may adversely affect the demand for any drug products for which we may obtain regulatory approval, our ability to set a price that we believe is fair for our products, our ability to obtain coverage and reimbursement approval for a product, our ability to generate revenues and achieve or maintain profitability, and the level of taxes that we are required to pay.

Risks Related to Our Intellectual Property

If our intellectual property related to our product candidates is not adequate, we may not be able to compete effectively in our market.

Our success depends in part on our ability to:

- protect our trade secrets;
- apply for, obtain, maintain and enforce patents; and
- operate without infringing upon the proprietary rights of others.

We will be able to protect our proprietary technology from unauthorized use by third parties only to the extent that such proprietary rights are covered by valid and enforceable patents or are effectively maintained as trade secrets. Any non-confidential disclosure to or misappropriation by third parties of our confidential or proprietary information could enable competitors to quickly duplicate or surpass our technological achievements, thus eroding our competitive position in our market. Where we elect to pursue patent protection on our proprietary technology, we file, prosecute and maintain international, U.S., European and other national patent applications covering such technology.

As of December 31, 2014, six patents have issued to us in the United States. Four of these patents are directed to our TransCon technology and one is directed to our current product candidates. In addition, as of December 31, 2014, we have approximately 30 issued patents in jurisdictions outside of the United States, at least 24 of which are directed to our TransCon technology, and six of which are directed to our product candidates. We are not aware of any challenge to our issued patents, in the United States, Europe or in any other jurisdiction.

The patent application process, also known as patent prosecution, is expensive and time-consuming, and we and our current or future licensors and licensees may not be able to prepare, file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. It is also possible that we or our current licensors, or any future licensors or licensees, will fail to identify patentable aspects of inventions made in the course of development and commercialization activities before it is too late to obtain patent protection on them. Therefore, these and any of our patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. It is possible that defects of form in the preparation or filing of our patents or patent applications may exist, or may arise in the future, for example with respect to proper priority claims,

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inventorship, etc., although we are unaware of any such defects. If we or our current licensors or licensees, or any future licensors or licensees, fail to establish, maintain or protect such patents and other intellectual property rights, such rights may be reduced or eliminated. If our current licensors or licensees, or any future licensors or licensees, are not fully cooperative or disagree with us as to the prosecution, maintenance or enforcement of any patent rights, such patent rights could be compromised. If there are material defects in the form or preparation of our patents or patent applications, such patents or applications may be invalid and unenforceable. Any of these outcomes could impair our ability to prevent competition from third parties, which may harm our business.

The strength of patents in the biotechnology and pharmaceutical field involves complex legal and scientific questions and can be highly uncertain. The patent applications that we own or license may fail to result in issued patents in the United States or in other countries. Even if patents do issue on such patent applications, third parties may challenge the validity, enforceability or scope thereof, which may result in such patents being narrowed, invalidated or held unenforceable. For example, U.S. patents can be challenged by any person before the new USPTO Patent Trial and Appeals Board at any time within the one-year period following that person's receipt of an allegation of infringement of the patents. Patents granted by the European Patent Office may be similarly opposed by any person within nine months from the publication of the grant. Similar proceedings are available in other jurisdictions, and in the United States, Europe and other jurisdictions third parties can raise questions of validity with a patent office even before a patent has granted. Furthermore, even if they are unchallenged, our patents and patent applications may not adequately protect our intellectual property or prevent others from designing around our claims. For example, a third party may develop a competitive product that provides therapeutic benefits similar to one or more of our product candidates but that has a different composition that falls outside the scope of our patent protection. If the breadth or strength of protection provided by the patents and patent applications we hold or pursue with respect to our product candidates is successfully challenged, then our ability to commercialize such product candidates could be negatively affected, and we may face unexpected competition that could have harm our business. Further, if we encounter delays in our clinical trials, the period of time during which we or our collaboration partners could market our product candidates under patent protection would be reduced.

The degree of future protection of our proprietary rights is uncertain. Patent protection may be unavailable or severely limited in some cases and may not adequately protect our rights or permit us to gain or keep our competitive advantage. For example:

- we might not have been the first to invent or the first to file the inventions covered by each of our pending patent applications and issued patents;
- others may independently develop similar or alternative technologies or duplicate any of our technologies;
- the patents of others may have an adverse effect on our business;
- any patents we or our licensors' issued patents obtain may not encompass commercially viable products, may not provide us with any competitive advantages or may be challenged by third parties;
- any patents we obtain or our in-licensed issued patents may not be valid or enforceable; or
- we may not develop additional proprietary technologies that are patentable.

If we or our current licensors or licensees, or any future licensors or licensees, fail to prosecute, maintain and enforce patent protection for our product candidates, our ability to develop and commercialize our product candidates could be harmed and we might not be able to prevent competitors from making, using and selling competing products. This failure to properly protect the intellectual property rights relating to our product candidates could harm our business, financial condition and operating results. Moreover, our competitors may independently develop equivalent knowledge, methods and know-how.

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Even where laws provide protection, costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and the outcome of such litigation would be uncertain. If we or one of our collaboration partners were to initiate legal proceedings against a third party to enforce a patent covering the product candidate, the defendant could counterclaim that our patent is invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness or non-enablement. Patents may be unenforceable if someone connected with prosecution of the patent withheld relevant information from the USPTO, or made a misleading statement, during prosecution. The outcomes of proceedings involving assertions of invalidity and unenforceability are unpredictable. It is possible that prior art of which we and the patent examiner were unaware during prosecution exists, which would render our patents invalid. Moreover, it is also possible that prior art may exist that we are aware of, but that we do not believe are relevant to our current or future patents, that could nevertheless be determined to render our patents invalid. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability of our patents covering one of our product candidates, we would lose at least part, and perhaps all, of the patent protection on such product candidate. Such a loss of patent protection would harm our business. Moreover, our competitors could counterclaim in any suit to enforce our patents that we infringe their intellectual property. Furthermore, some of our competitors have substantially greater intellectual property portfolios, and resources, than we do.

If we are unable to prevent disclosure of our trade secrets or other confidential information to third parties, our competitive position may be impaired.

In addition to patents, we rely on trade secrets and proprietary know-how. We seek protection, in part, through confidentiality and proprietary information clauses in agreements with our collaboration partners, employees, consultants, outside scientific collaboration partners and sponsored researchers and other advisors. Although we generally require all of our employees, consultants, advisors and any third parties who have access to our proprietary know-how, information or technology to assign or grant similar rights to their inventions to us, and endeavor to execute confidentiality agreements with all such parties, we cannot be certain that we have executed such agreements with all parties who may have contributed to our intellectual property or who had access to our proprietary information, nor can we be certain that our agreements with such parties will not be breached. These agreements may not effectively prevent disclosure of confidential and proprietary information and may not provide an adequate remedy in the event of unauthorized use or disclosure of confidential and proprietary information. We cannot guarantee that our trade secrets and other confidential proprietary information will not be publicly disclosed or that competitors will not otherwise gain access to our trade secrets or independently develop substantially equivalent information and techniques. The failure to obtain or maintain trade secret protection could adversely affect our competitive business position.

If we are sued for infringing intellectual property rights of third parties, it will be costly and time consuming, and an unfavorable outcome in that litigation could harm our business.

Our commercial success depends significantly on our ability to operate without infringing, violating or misappropriating the patents and other proprietary rights of third parties. Our own technologies may infringe, violate or misappropriate the patents or other proprietary rights of third parties, or we may be subject to third-party claims of such infringement. Numerous U.S. and foreign issued patents and pending patent applications owned by third parties, exist in the fields in which we are developing our product candidates. We cannot be certain that our product candidates will not infringe existing or future patents. Because patent applications can take many years to issue and may be confidential for 18 months or more after filing, and because pending patent claims can be revised before issuance, there may be applications now pending which may later result in issued patents that may be infringed by the manufacture, use or sale of our product candidates or our TransCon technology. We may not be aware of patents that have already issued that a third party might assert are infringed by our product candidates. It is also possible that patents of which we are aware, but which we do not believe are relevant to our product candidates, could nevertheless be found to be infringed by our product candidates. Nevertheless, we are not aware of any valid

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issued patents that we believe would prevent us from marketing our product candidates, if approved. Moreover, we may face patent infringement claims from non-practicing entities that have no relevant product revenue and against whom our own patent portfolio may thus have no deterrent effect.

In addition, we and our collaboration partners may face costly and time-consuming intellectual property litigation with the NDA holders and Orange Book patentees of the products in respect of which we seek to obtain FDA approval. Companies that produce branded pharmaceutical products for which there are listed patents in the FDA's Orange Book routinely bring patent infringement litigation against applicants seeking FDA approval to manufacture and market branded and/or generic forms of their products. Accordingly, we may face patent litigation as a result of our submission of NDA applications to the FDA or as a result of submitting an MAA with the EMA.

Depending upon a complex analysis of a variety of legal and commercial factors, we and our collaboration partners may, in certain circumstances, including upon expiration of a potential 30-month automatic stay on the FDA's ability to grant final approval of a 505(b)(2) NDA, elect to market the relevant product candidate after FDA approval, even though litigation is still pending. This could occur before any court decision or while an appeal of a lower court decision is pending. Should we and our collaboration partners elect to proceed in this manner, we could face substantial patent liability damages, including possible triple damages in the United States, if a final court decision is adverse to us. If we and our collaboration partners are unsuccessful in any such litigation, the court could issue a permanent injunction preventing us from marketing our product candidates for the life of the litigated patent(s). In addition, such patent litigation could last for years, potentially delaying the commercialization of our product candidates until expiration of the relevant patents. Regulatory approval of pharmaceutical products in Europe is not linked to patent rights and patent disputes as it is in the United States. However, patent litigation is more cumbersome in Europe because enforcement is on a country-by-country basis and there are a number of countries where the relevant patents may be in force.

Intellectual property litigation involves many risks and uncertainties, and there is no assurance that we will prevail in any lawsuit brought against us. Third parties making claims against us for infringement, violation or misappropriation of their intellectual property rights may seek and obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize our product candidates. Further, if a patent infringement suit were brought against us, we could be forced to stop or delay research, development, manufacturing or sales of the product or product candidate that is the subject of the suit. Defense of these claims, regardless of their merit, would cause us to incur substantial expenses and, would be a substantial diversion of resources from our business. In the event of a successful claim of any such infringement, violation or misappropriation, we may need to obtain licenses from such third parties and we and our collaboration partners may be prevented from pursuing product development or commercialization and/or may be required to pay damages. We cannot be certain that any licenses required under such patents or proprietary rights would be made available to us, or that any offer to license would be made available to us on commercially reasonable terms. If we cannot obtain such licenses, we and our collaboration partners may be restricted or prevented from manufacturing and selling products employing our technology. These adverse results, if they occur, could adversely affect our business, results of operations and prospects, and the value of our shares or ADSs.

We may become involved in lawsuits to protect or enforce our patents or other intellectual property, which could be expensive, time consuming and unsuccessful.

The biotechnology and pharmaceutical industries have been characterized by extensive litigation regarding patents and other intellectual property rights. The defense and prosecution of contractual or intellectual property lawsuits, USPTO interference or derivation proceedings, European Patent Office oppositions and related legal and administrative proceedings in the United States, Europe and other countries, involve complex legal and factual questions. As a result, such proceedings may be costly and time-consuming to pursue and their outcome is uncertain.

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Litigation may be necessary to:

- protect and enforce our patents and any future patents issuing on our patent applications;
- enforce or clarify the terms of the licenses we have granted or may be granted in the future;
- protect and enforce trade secrets, know-how and other proprietary rights that we own or have licensed, or may license in the future; or
- determine the enforceability, scope and validity of the proprietary rights of third parties and defend against alleged patent infringement.

Competitors may infringe our intellectual property. As a result, we may be required to file infringement claims to stop third-party infringement or unauthorized use. This can be expensive, particularly for a company of our size, and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that our patent claims do not cover its technology or that the factors necessary to grant an injunction against an infringer are not satisfied. An adverse determination of any litigation or other proceedings could put one or more of our patents at risk of being invalidated, interpreted narrowly, or amended such that they do not cover our product candidates. Moreover, such adverse determinations could put our patent applications at risk of not issuing, or issuing with limited and potentially inadequate scope to cover our product candidates or to prevent others from marketing similar products.

Interference, derivation or other proceedings brought at the USPTO, may be necessary to determine the priority or patentability of inventions with respect to our patent applications or those of our licensors or potential collaboration partners. Litigation or USPTO proceedings brought by us may fail or may be invoked against us by third parties. Even if we are successful, domestic or foreign litigation or USPTO or foreign patent office proceedings may result in substantial costs and distraction to our management. We may not be able, alone or with our licensors or potential collaboration partners, to prevent misappropriation of our proprietary rights, particularly in countries where the laws may not protect such rights as fully as in the United States.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation or other proceedings, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation or other proceedings. In addition, during the course of this kind of litigation or proceedings, there could be public announcements of the results of hearings, motions or other interim proceedings or developments or public access to related documents. If investors perceive these results to be negative, the market price for the ADSs could be significantly harmed.

Changes to the patent law in the United States and other jurisdictions could diminish the value of patents in general, thereby impairing our ability to protect our products.

As is the case with other biopharmaceutical companies, our success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involve both technological and legal complexity and is therefore costly, time consuming and inherently uncertain. Recent patent reform legislation in the United States and other countries, including the Leahy-Smith America Invents Act, or Leahy-Smith Act, signed into law on September 16, 2011, could increase those uncertainties and costs. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted, redefine prior art and provide more efficient and cost-effective avenues for competitors to challenge the validity of patents. In addition, the Leahy-Smith Act has transformed the U.S. patent system into a “first to file” system. The first-to-file provisions, however, only became effective on March 16, 2013. Accordingly, it is not yet clear what, if any, impact the Leahy-Smith Act will have on the operation of our business. However, the Leahy-Smith Act and its implementation could make it more difficult to obtain patent protection for

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our inventions and increase the uncertainties and costs surrounding the prosecution of our or our collaboration partners' patent applications and the enforcement or defense of our or our collaboration partners' issued patents, all of which could harm our business, results of operations and financial condition.

The U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. Additionally, there have been recent proposals for additional changes to the patent laws of the United States and other countries that, if adopted, could impact our ability to obtain patent protection for our proprietary technology or our ability to enforce our proprietary technology. Depending on future actions by the U.S. Congress, the U.S. courts, the USPTO and the relevant law-making bodies in other countries, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

Certain of our employees and patents are subject to German law.

As of December 31, 2014, 37 of our personnel work in Germany and are subject to German employment law. Ideas, developments, discoveries and inventions made by such employees are generally subject to the provisions of the German Act on Employees' Inventions, which regulates the ownership of, and compensation for, inventions made by employees. Under this act, we face the risk that we may be required to pay additional compensation for assigned patent rights and disputes can occur between us and our employees or ex-employees pertaining to alleged non-adherence to the provisions of this act that may be costly to defend and consume our management's time and efforts whether we prevail or fail in such dispute. In addition, under the German Act on Employees' Inventions, certain employees may have retained rights to patents they invented or co-invented before October 2009. Although substantially all of these employees have assigned their interest in these patents to us, to the extent permitted by law, there is a risk that the compensation we provided to them may be deemed to be insufficient and we may be required under German law to increase the compensation due to such employees for the use of the patents. In those cases where employees have not assigned their interests to us, we may need to pay compensation for the use of those patents. If we are required to pay additional compensation or face other disputes under the German Act on Employees' Inventions, our results of operations could be adversely affected.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.

The USPTO and various foreign patent agencies require compliance with a number of procedural, documentary, fee payment and other provisions to maintain patent applications and issued patents. Noncompliance with these requirements can result in abandonment or lapse of a patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Losing our patent rights could enable competitors to enter the market earlier than would otherwise have been the case.

We have not yet registered trademarks for a commercial trade name for any of our product candidates in the United States or elsewhere and failure to secure such registrations could adversely affect our business.

We use various trademark rights in our business, including, Ascendis, and our trade name TransCon. Ascendis is our only registered trademark in the United States. We may not be able to obtain trademark protection in other territories that we consider of significant importance to us. Furthermore, we have not yet registered trademarks for a commercial trade name for any of our product candidates in the United States or elsewhere. During trademark registration proceedings, our trademark applications may be rejected. Although we are given an opportunity to respond to those rejections, we may be unable to overcome such rejections. In addition, in the USPTO and in comparable agencies in many foreign jurisdictions, third parties can oppose pending trademark applications and seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our trademarks, and our trademarks may not survive such proceedings. In the event that our trademarks are

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successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing our products under new brands.

Moreover, any name we propose to use with our product candidates in the United States must be approved by the FDA, regardless of whether we have registered it, or applied to register it, as a trademark. The FDA typically conducts a review of proposed product names, including an evaluation of potential for confusion with other product names. If the FDA objects to any of our proposed proprietary product names, we may be required to expend significant additional resources in an effort to identify a suitable substitute name that would qualify under applicable trademark laws, not infringe the existing rights of third parties and be acceptable to the FDA.

We may not be able to enforce our intellectual property rights throughout the world.

Filing, prosecuting and defending patents on our product candidates in all countries throughout the world would be prohibitively expensive. The requirements for patentability may differ in certain countries, particularly in developing countries. Moreover, our ability to protect and enforce our intellectual property rights may be adversely affected by unforeseen changes in foreign intellectual property laws. Additionally, laws of some countries outside of the United States and Europe do not afford intellectual property protection to the same extent as the laws of the United States and Europe. Many companies have encountered significant problems in protecting and defending intellectual property rights in certain foreign jurisdictions. The legal systems of some countries, including India, China and other developing countries, do not favor the enforcement of patents and other intellectual property rights. This could make it difficult for us to stop the infringement of our patents or the misappropriation of our other intellectual property rights. For example, many foreign countries have compulsory licensing laws under which a patent owner must grant licenses to third parties. Consequently, we may not be able to prevent third parties from practicing our inventions in certain countries outside the United States and Europe. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and, further, may export otherwise infringing products to territories where we have patent protection, if our ability to enforce our patents to stop infringing activities is inadequate. These products may compete with our products, and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

Proceedings to enforce our patent rights in foreign jurisdictions, whether or not successful, could result in substantial costs and divert our efforts and resources from other aspects of our business. Furthermore, while we intend to protect our intellectual property rights in major markets for our products, we cannot ensure that we will be able to initiate or maintain similar efforts in all jurisdictions in which we may wish to market our products. Accordingly, our efforts to protect our intellectual property rights in such countries may be inadequate.

We may be subject to claims that we or our employees have misappropriated the intellectual property, including know-how or trade secrets, of a third party, or claiming ownership of what we regard as our own intellectual property.

Many of our employees, consultants and contractors were previously employed at or engaged by other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Some of these employees, consultants and contractors, executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees, consultants and contractors do not use the intellectual property, proprietary information, know-how or trade secrets of others in their work for us, we may be subject to claims that we or these employees, consultants and contractors have used or disclosed such intellectual property, including know-how, trade secrets or other proprietary information. Litigation may be necessary to defend against these claims. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel, or access to consultants and contractors. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management.

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In addition, while we typically require our employees, consultants and contractors who may be involved in the development of intellectual property to execute agreements assigning such intellectual property to us, we may be unsuccessful in executing such an agreement with each party who in fact develops intellectual property that we regard as our own, which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our senior management and scientific personnel.

Risks Related to Our Ordinary Shares and the ADSs and this Offering

The price of the ADSs may be volatile, and you may not be able to resell the ADSs at or above the price you paid.

The trading price of the ADSs following this offering could be highly volatile and could be subject to wide fluctuations in response to various factors, some of which are beyond our control. These factors include those discussed in this “Risk Factors” section of this prospectus and others such as:

- results from, or any delays in, clinical trial programs relating to our product candidates, including the ongoing and future clinical trials for TransCon hGH and TransCon Treprostinil;
- ability to commercialize or obtain regulatory approval for our product candidates, or delays in commercializing or obtaining regulatory approval;
- announcements of regulatory approval or a complete response letter to our product candidates, or specific label indications or patient populations for its use, or changes or delays in the regulatory review process;
- announcements relating to future collaborations or our existing collaborations, including decisions regarding the exercise by our collaboration partners of their options, if any, or any termination by them of their collaborations with us;
- timing and amount of payments to us under our collaborations, if any;
- announcements of therapeutic innovations or new products by us or our competitors;
- announcements regarding the parent drugs that we use in developing our product candidates;
- adverse actions taken by regulatory authorities with respect to our clinical trials, manufacturing supply chain or sales and marketing activities;
- changes or developments in laws or regulations applicable to our product candidates;
- any adverse changes to our relationship with any manufacturers or suppliers;
- the success of our testing and clinical trials;
- the success of our efforts to acquire or license or discover additional product candidates;
- any intellectual property infringement actions in which we may become involved;
- announcements concerning our competitors or the pharmaceutical industry in general;

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- achievement of expected product sales and profitability;
- manufacture, supply or distribution shortages;
- actual or anticipated fluctuations in our operating results;
- EMA, FDA or other similar regulatory actions affecting us or our industry or other healthcare reform measures in the United States;
- changes in financial estimates or recommendations by securities analysts;
- trading volume of the ADSs;
- sales of our ordinary shares and/or ADSs by us, our senior management and board members, holders of the ADSs or our shareholders in the future;
- general economic and market conditions and overall fluctuations in the United States and international equity markets; and
- the loss of any of our key scientific or senior management personnel.

In addition, the stock markets in general, and the markets for pharmaceutical, biopharmaceutical and biotechnology stocks in particular, have experienced extreme volatility that may have been unrelated to the operating performance of the issuer. These broad market fluctuations may adversely affect the trading price or liquidity of the ADSs. In the past, when the market price of a stock has been volatile, holders of that stock have sometimes instituted securities class action litigation against the issuer. If any of the holders of shares or ADSs were to bring such a lawsuit against us, we could incur substantial costs defending the lawsuit and the attention of our senior management would be diverted from the operation of our business, which could seriously harm our financial position. Any adverse determination in litigation could also subject us to significant liabilities.

You will not be directly holding our ordinary shares.

As an ADS holder, you will not be treated as one of our shareholders and you will not have shareholder rights. Danish law governs shareholder rights. Our depository, Bank of New York Mellon, will be the holder of the ordinary shares underlying your ADSs. As a holder of ADSs, you will have ADS holder rights. The deposit agreement among us, the depository and you, as an ADS holder, and all other persons directly and indirectly holding ADSs, sets out ADS holder rights as well as the rights and obligations of the depository.

You may not be able to exercise your right to vote the ordinary shares underlying your ADSs.

Holders of ADSs may exercise voting rights with respect to the ordinary shares represented by the ADSs only in accordance with the provisions of the deposit agreement and not as a direct shareholder in the Company. The deposit agreement provides that, upon receipt of notice of any meeting of holders of our ordinary shares, the depository will fix a record date for the determination of ADS holders who shall be entitled to give instructions for the exercise of voting rights. Upon timely receipt of notice from us, if we so request, the depository shall distribute to the holders as of the record date (1) the notice of the meeting or solicitation of consent or proxy sent by us and (2) a statement as to the manner in which instructions may be given by the holders.

You may instruct the depository of your ADSs to vote the ordinary shares underlying your ADSs. Otherwise, you will not be able to exercise your right to vote, unless you withdraw the ordinary shares underlying the ADSs you hold. However, you may not know about the meeting far enough in advance to withdraw those ordinary shares. If we ask for your instructions, the depository, upon timely notice from us, will

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notify you of the upcoming vote and arrange to deliver our voting materials to you. We cannot guarantee you that you will receive the voting materials in time to ensure that you can instruct the depository to vote the ordinary shares underlying your ADSs or to withdraw the ordinary shares underlying your ADSs so that you can vote them yourself. If the depository does not receive timely voting instructions from you, it may give a proxy to a person designated by us to vote the ordinary shares underlying your ADSs. In addition, the depository and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise any right to vote, and there may be nothing you can do if the ordinary shares underlying your ADSs are not voted as you requested.

You may be subject to limitations on the transfer of your ADSs and the withdrawal of the underlying ordinary shares.

Your ADSs, which may be evidenced by American Depositary Receipts, or ADRs, are transferable on the books of the depository. However, the depository may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depository may refuse to deliver, transfer or register transfers of your ADSs generally when our books or the books of the depository are closed, or at any time if we or the depository think it is advisable to do so because of any requirement of law, government or governmental body, or under any provision of the deposit agreement, or for any other reason subject to your right to cancel your ADSs and withdraw the underlying ordinary shares. Temporary delays in the cancellation of your ADSs and withdrawal of the underlying ordinary shares may arise because the depository has closed its transfer books or we have closed our transfer books, the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting or we are paying a dividend on our ordinary shares. In addition, you may not be able to cancel your ADSs and withdraw the underlying ordinary shares when you owe money for fees, taxes and similar charges and when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities. See "Description of American Depositary Shares—Your Right to Receive the Ordinary Shares Underlying Your ADSs."

We have broad discretion to determine how to use the funds raised in this offering, and may use them in ways that may not enhance our operating results or the price of our ordinary shares and ADSs.

Our senior management will have broad discretion over the use of proceeds from this offering, and we could spend the proceeds from this offering in ways the holders of shares or ADSs may not agree with or that do not yield a favorable return, if at all. We intend to use substantially all of the net proceeds of this offering to fund our ongoing and planned clinical development of TransCon hGH, to fund TransCon Treprostinil through clinical proof of concept, to strengthen our TransCon technology and for working capital and general corporate purposes. However, our use of these proceeds may differ substantially from our current plans. If we do not invest or apply the proceeds of this offering in ways that improve our operating results, we may fail to achieve expected financial results, which could cause the price of the ADSs to decline.

An active, liquid and orderly market for the ADSs may not develop, and you may not be able to resell your ADSs at or above the public offering price.

Prior to this offering, there has been no public market for our ordinary shares or the ADSs, and an active public market for the ADSs may not develop or be sustained after this offering. We and the underwriters will determine the initial public offering price of the ADSs through negotiation. This price will not necessarily reflect the price at which investors in the market will be willing to buy and sell the ADSs following this offering. In addition, an active trading market may not develop following the closing of this offering or, if it is developed, may not be sustained. The lack of an active market may impair your ability to sell your ADSs at the time you wish to sell them or at a price that you consider reasonable. An inactive market may also impair our ability to raise capital by selling ADSs and may impair our ability to acquire other businesses or technologies or in-license new product candidates using our ordinary shares or ADSs as consideration.

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If securities or industry analysts do not publish research or reports about our business, or if they issue an adverse or misleading opinion regarding our ordinary shares or ADSs, the price of the ADSs and trading volume could decline.

The trading market for the ADSs will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not currently have and may never obtain research coverage by securities and industry analysts. If no or few securities or industry analysts commence coverage of us, the trading price for the ADSs would be negatively impacted. In the event we obtain securities or industry analyst coverage, if any of the analysts who cover us issue an adverse or misleading opinion regarding us, our business model, our intellectual property or our stock performance, or if our clinical trials and operating results fail to meet the expectations of analysts, the price of the ADSs would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause the price of the ADSs or trading volume to decline.

Investors in this offering will experience immediate and substantial dilution in the book value of their investment.

The initial public offering price of the ADSs is substantially higher than the pro forma net tangible book value per ADS before giving effect to this offering. Accordingly, if you invest in the ADSs in this offering, you will incur immediate substantial dilution of approximately \$10.97 per ADS (€9.04) (based on the net tangible book value per ordinary share underlying the ADSs), based on the expected initial public offering price of \$17.00 per ADS (€14.01) (the midpoint of the price range set forth on the cover page of this prospectus), and our pro forma net tangible book value as of September 30, 2014. In addition, following this offering, investors in this offering will have contributed approximately 48.7% of the total gross consideration paid by shareholders to us to purchase the ADSs, but will own only ADSs representing approximately 22.8% of our ordinary shares outstanding after this offering. Furthermore, if the underwriters exercise their option to purchase additional ADSs, if board authorizations to issue additional shares or ADSs or outstanding warrants or convertible securities are issued and subsequently exercised, you could experience further dilution. For a further description of the dilution that you will experience immediately after this offering, see “Dilution.”

If we issue shares or ADSs in future financings, shareholders or holders of ADSs may experience immediate dilution and, as a result, the price of the ADSs may decline.

We may from time to time issue additional shares or ADS at a discount from the trading price of the ADSs. As a result, our shareholders and holders of ADSs would experience immediate dilution upon the issuance of any of the ADSs at such discount. In addition, as opportunities present themselves, we may enter into financing or similar arrangements in the future, including the issuance of debt securities, preference share, ADSs or ordinary shares. If we issue shares or securities convertible into shares of our share capital, our ordinary shareholders and holders of ADSs would experience additional dilution and, as a result, the price of the ADSs may decline.

Sales of a substantial number of our ordinary shares or ADSs in the public market could cause the price of the ADSs to fall.

If our existing shareholders or holders of ADSs sell, or indicate an intention to sell, substantial amounts of our ordinary shares or ADSs in the public market after the lock-up and other legal restrictions on resale discussed in this prospectus lapse, the trading price of the ADSs could decline. Based upon the number of shares outstanding as of December 31, 2014, upon the closing of this offering, we will have outstanding a total of 21,935,780 ordinary shares, assuming no exercise of the underwriters’ option to purchase additional ADSs. Of these shares, 5,000,000 ordinary shares represented by 5,000,000 ADSs, plus approximately 374,294 ordinary shares subject to employee equity incentive grants that are subject to early release under the lockup agreements, plus any ADSs issued upon exercise of the underwriters’ option to purchase additional ADSs, will be freely tradable, without restriction, in the public market immediately following this offering. Merrill Lynch, Pierce,

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Fenner & Smith Incorporated, however, may, in its sole discretion, permit our senior management, board members and other shareholders who are subject to these lock-up agreements to sell ordinary shares or ADSs prior to the expiration of the lock-up agreements.

The lock-up agreements pertaining to this offering will expire 180 days from the date of this prospectus. After the lock-up agreements expire, up to an additional 16,935,780 ordinary shares or ADSs, as of December 31, 2014, will be eligible for sale in the public market, 13,078,452 of which ordinary shares are held by current board members, senior management and other affiliates and may be subject to Rule 144 under the Securities Act.

As of December 31, 2014, there were 2,999,824 warrants outstanding. If these warrants are exercised an additional 2,999,824 ordinary shares or ADSs will become eligible for sale in the public market to the extent permitted by the provisions of various vesting schedules, the lock-up agreements and Rule 144 and Rule 701 under the Securities Act. If these additional ordinary shares or ADSs are sold, or if it is perceived that they will be sold, in the public market, the trading price of the ADSs could decline. Any sales of securities by these security holders could have a negative effect on the trading price of the ADSs.

Our principal shareholders and senior management own a significant percentage of our shares and will be able to exert significant control over matters subject to shareholder approval.

As of December 31, 2014, after giving effect to the closing of this offering and the conversion of all of our Ordinary A shares and preference shares into ordinary shares, our senior management, board members, holders of 5% or more of our share capital and their respective affiliates will beneficially own approximately 66.6% of our outstanding voting securities upon the closing of this offering (based on an assumed initial public offering price of \$17.00 per ADS and assuming no exercise of the underwriters' option to purchase additional ADSs and no exercise of outstanding warrants). Certain of our existing institutional investors, including investors affiliated with certain of our board members, have indicated an interest in purchasing an aggregate of approximately \$22.0 million of the ADSs in this offering at the initial public offering price. However, because indications of interest are not binding agreements or commitments to purchase ADSs, these investors may determine to purchase more or fewer ADSs than they indicate an interest in purchasing or not to purchase any ADSs in this offering. In addition, the underwriters could determine to sell more or fewer ADSs to any of these investors than the investors indicate an interest in purchasing or not to sell any ADSs to these investors. If such investors purchase all the ADSs they have indicated an interest in purchasing in this offering, our senior management, board members, holders of 5% or more of our share capital and their respective affiliates will beneficially own approximately 72.2% of our outstanding voting securities upon the closing of this offering (based on an assumed initial public offering price of \$17.00 per ADS and assuming no exercise of the underwriters' option to purchase additional ADSs and no exercise of outstanding warrants). As a result, these security holders will have the ability either alone or voting together as a group to determine and/or significantly influence the outcome of matters submitted to our shareholders for approval, including the election and removal of board members, payment of dividends, amendments to our articles of association, including changes to our share capital or any mergers, demergers, liquidations and similar transactions. This may prevent or discourage unsolicited acquisition proposals or offers for our ordinary shares or ADSs that you may feel are in your best interest as a holder of ADSs. In addition, this group of shareholders may have the ability to control our management and affairs. Such control and concentration of ownership may affect the market price of the ADSs and may discourage certain types of transactions, including those involving actual or potential change of control of us (whether through merger, consolidation, take-over or other business combination), which might otherwise have a positive effect on the market price of the ADSs.

The rights of our shareholders may be different from the rights of shareholders in companies governed by the laws of U.S. jurisdictions.

Our corporate affairs are governed by our articles of association and by the laws governing companies incorporated in Denmark, including the Danish Companies Act. The rights of shareholders and the responsibilities

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of members of our board of directors may be different from the rights and obligations of shareholders in companies governed by the laws of U.S. jurisdictions. In the performance of its duties, our board of directors is required by Danish law to consider the interests of our company, its shareholders and its creditors. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a holder of ADSs. For a description of our governing documents and certain rights of our shareholders, see “Description of Share Capital.”

Claims of U.S. civil liabilities may not be enforceable against us.

We are incorporated under the laws of Denmark. Substantially all of our assets are located outside the United States. The majority of our board members and employees reside outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon such persons or to enforce against them or us in U.S. courts, including judgments predicated upon the civil liability provisions of the U.S. securities laws of the United States.

The United States and Denmark currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognized or enforceable in Denmark. In order to obtain a judgment which is enforceable in Denmark, the party in whose favor a final and conclusive judgment of the U.S. court has been rendered will be required to file its claim with a court of competent jurisdiction in Denmark. Such party may submit to the Danish court the final judgment rendered by the U.S. court. If and to the extent that the Danish court finds that the jurisdiction of the U.S. court has been based on grounds which are internationally acceptable and that proper legal procedures have been observed, the Danish court should, in principle, give binding effect to the judgment of the U.S. court, unless such judgment contravenes principles of public policy of Denmark. Danish courts are likely to deny the recognition and enforcement of punitive damages or other awards. Moreover, a Danish court may reduce the amount of damages granted by a U.S. court and recognize damages only to the extent that they are necessary to compensate actual losses or damages. Enforcement and recognition of judgments of U.S. courts in Denmark are solely governed by the provisions of the Danish Civil Procedure Code.

Based on the lack of a treaty as described above, U.S. investors may not be able to enforce against us or members of our board of directors, our executive board, our senior management or certain experts named herein who are residents of Denmark or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

We qualify as a foreign private issuer and, as a result, we will not be subject to U.S. proxy rules and will be subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. domestic public company.

Upon closing of this offering, we will report under the Exchange Act, as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act and although we are subject to Danish laws and regulations with regard to such matters and intend to furnish quarterly financial information to the SEC, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. domestic public companies, including (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act; (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events. In addition, foreign private issuers are not required to file their annual report on Form 20-F until 120 days after the end of each fiscal year, while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year. Foreign private issuers are also exempt

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from the Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, you may not have the same protections afforded to shareholders of companies that are not foreign private issuers.

Our status as a “foreign private issuer” allows us to adopt International Financial Reporting Standards, or IFRS, accounting principles, which are different than accounting principles under U.S. Generally Accepted Accounting Principles, or GAAP.

We have adopted and presented our consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. IFRS is an internationally recognized body of accounting principles that are used by many companies outside of the United States to prepare their financial statements; and the SEC recently permitted foreign private issuers such as our company to prepare and file their financial statements in accordance with IFRS rather than U.S. GAAP. IFRS accounting principles are different from those of U.S. GAAP, and SEC rules do not require us to provide a reconciliation of IFRS accounting principles to those of U.S. GAAP. Investors who are not familiar with IFRS may misunderstand certain information presented in our consolidated financial statements. Accordingly, we suggest that readers of our consolidated financial statements familiarize themselves with the provisions of IFRS accounting principles in order to better understand the differences between these two sets of principles.

As a foreign private issuer and as permitted by the listing requirements of The NASDAQ Global Market, we will rely on certain home country governance practices rather than the corporate governance requirements of The NASDAQ Global Market.

We qualify as a foreign private issuer. As a result, in accordance with the listing requirements of The NASDAQ Global Market, we will rely on home country governance requirements and certain exemptions thereunder rather than relying on the corporate governance requirements of The NASDAQ Global Market. For instance, the Listing Rules for the NASDAQ Stock Market, or the NASDAQ Listing Rules, for domestic U.S. issuers require listed companies to have, among other things, a majority of their board members be independent, and to have independent director oversight of executive compensation, nomination of board members and corporate governance matters. As a foreign private issuer, however, while we intend to comply with these requirements, we are permitted to follow home country practice in lieu of the above requirements. Danish law does not require that a majority of our board consist of independent directors or the implementation of a nominating and corporate governance committee, and our board may thus in the future not include, or include fewer, independent directors than would be required if we were subject to the NASDAQ Listing Rules, or they may decide that it is in our interest not to have a compensation committee or nominating and corporate governance committee, or have such committees governed by practices that would not comply with NASDAQ Listing Rules. Since a majority of our board of directors may not consist of independent directors if we decide to rely on the foreign private issuer exemption to the NASDAQ Listing Rules, our board’s approach may, therefore, be different from that of a board with a majority of independent directors, and as a result, the management oversight of our company could, in the future, be more limited than if we were subject to the NASDAQ Listing Rules. We intend to follow home country practice with regard to, among other things, quorum requirements generally applicable to general meetings of shareholders.

Furthermore, Danish law does not have a regulatory regime for the solicitation of proxies and the solicitation of proxies is not a generally accepted business practice in Denmark, thus our practice will vary from the requirement of NASDAQ Listing Rule 5620(b). In addition, our shareholders have authorized our board of directors to issue securities including in connection with certain events such as the acquisition of shares or assets of another company, the establishment of or amendments to equity-based compensation plans for employees, a change of control of us, rights issues at or below market price, certain private placements and issuance of convertible notes. To this extent, our practice varies from the requirements of NASDAQ Rule 5635, which generally requires an issuer to obtain shareholder approval for the issuance of securities in connection with such events. For an overview of our corporate governance principles, see “Description of Share Capital.” Accordingly,

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you may not have the same protections afforded to shareholders of companies that are subject to these NASDAQ requirements.

We may lose our foreign private issuer status, which would then require us to comply with the Exchange Act's domestic reporting regime and cause us to incur significant legal, accounting and other expenses.

We qualify as a foreign private issuer and therefore we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers. We may no longer be a foreign private issuer as of June 30, 2015 (the end of our second fiscal quarter in the fiscal year after this offering), which would require us to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act applicable to U.S. domestic issuers as of January 1, 2016. In order to maintain our current status as a foreign private issuer, either (a) a majority of our ordinary shares or ADSs must be either directly or indirectly owned of record by non-residents of the United States or (b)(i) a majority of our executive officers or directors may not be U.S. citizens or residents, (ii) more than 50% of our assets cannot be located in the United States and (iii) our business must not be administered principally inside the United States. If we lost this status, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC and NASDAQ rules. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be significantly higher than the cost we would incur as a foreign private issuer. As a result, we expect that a loss of foreign private issuer status would increase our legal and financial compliance costs and would make some activities highly time consuming and costly. We also expect that if we were required to comply with the rules and regulations applicable to U.S. domestic issuers, it would make it more difficult and expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These rules and regulations could also make it more difficult for us to attract and retain qualified members of our board of directors.

We may be a "passive foreign investment company" for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. investors.

While the determination of passive foreign investment company, or PFIC, status is fact specific, and generally cannot be made until the close of the taxable year in question, based on the value and composition of our assets, we may be a PFIC for U.S. federal income tax purposes for our current taxable year and future taxable years. A non-U.S. corporation will be considered a PFIC for any taxable year if either (1) at least 75% of its gross income for such year is passive income or (2) at least 50% of the value of its assets (based on an average of the quarterly values of the assets during such year) is attributable to assets that produce or are held for the production of passive income. Because the value of our assets for purposes of this determination will generally be determined by reference to the market price of the ADSs, our PFIC status will depend in large part on the market price of the ADSs. A separate determination must be made each taxable year as to whether we are a PFIC (after the close of each such taxable year). If we are a PFIC for any taxable year during which a U.S. Holder (as defined in "Taxation—Material U.S. Federal Income Tax Consequences to U.S. Holders") holds ordinary shares or ADSs, the U.S. Holder may be subject to adverse tax consequences, including (i) the treatment of all or a portion of any gain on disposition as ordinary income, (ii) the application of an interest charge with respect to such gain and certain dividends and (iii) compliance with certain reporting requirements. Each U.S. Holder is strongly urged to consult its tax advisor regarding these issues. See "Taxation—Material U.S. Federal Income Tax Consequences to U.S. Holders."

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We do not currently intend to pay dividends on our ordinary shares or ADSs, and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of the ADSs.

We do not currently intend to pay any cash dividends on our ordinary shares for the foreseeable future. We currently intend to invest our future earnings, if any, to fund our growth. Therefore, you are not likely to receive any dividends on your ADSs for the foreseeable future. Because we do not intend to pay dividends, your ability to receive a return on your investment will depend on any future appreciation in the market value of the ADSs. There is no guarantee that the ADSs will appreciate or even maintain the price at which our holders have acquired them.

Investors should be aware that the rights provided to our shareholders and holders of ADSs under Danish corporate law and our articles of association differ in certain respects from the rights that you would typically enjoy as a shareholder of a U.S. company under applicable U.S. federal and state laws.

Under Danish corporate law, except in certain limited circumstances (which require as a minimum that a proposal for inspection has been supported by a minimum of 25% of the shareholders voting and being present at a general meeting), our shareholders may not ask for an inspection of our corporate records, while under Delaware corporate law any shareholder, irrespective of the size of such shareholder's shareholdings, may do so. Shareholders of a Danish limited liability company are also unable to initiate a derivative action, a remedy typically available to shareholders of U.S. companies, in order to enforce a right of our company, in case we fail to enforce such right ourselves, other than in certain cases of board member/management liability under limited circumstances. In addition, a majority of our shareholders may release a board member or manager from any claim of liability we may have, including if such board member or manager has acted in bad faith or has breached his/her duty of loyalty and only if a minority of at least 10% of the shareholders represented at the relevant general meeting have opposed the decision, may a shareholder bring a derivative action on behalf of our company. In contrast, most U.S. federal and state laws prohibit a company or its shareholders from releasing a board member from liability altogether if such board member has acted in bad faith or has breached such board member's duty of loyalty to our company. Additionally, distribution of dividends from Danish companies to foreign companies and individuals can be eligible for non-refundable withholding tax, and not all receiving countries allow for deduction. Also, the rights as a creditor may not be as strong under Danish insolvency law, as under U.S. law or other insolvency law, and consequently creditors may recover less in the event our company is subject to insolvency compared to a similar case including a U.S. debtor. In addition, the use of the tax asset consisting of the accumulated tax deficit requires that we are able to generate positive taxable income and can be restricted by future amendments to Danish tax law. Finally, Danish corporate law may not provide appraisal rights in the case of a business combination equivalent to those generally afforded a shareholder of a U.S. company under applicable U.S. laws. For additional information on these and other aspects of Danish corporate law and our articles of association, see the section herein entitled "Description of Share Capital." As a result of these differences between Danish corporate law and our articles of association, on the one hand, and U.S. federal and state laws, on the other hand, in certain instances, you could receive less protection as an equityholder of our company than you would as a shareholder of a U.S. company.

Holders of our ordinary shares or ADSs may not be able to exercise their pre-emptive subscription rights and may suffer dilution of their equityholding in the event of future issuances of our shares.

Under the Danish Companies Act, our shareholders benefit from a pre-emptive subscription right on the issuance of ordinary shares for cash consideration only and not in the event of issuance of shares against non-cash contribution or debt conversion. Even the shareholders' pre-emptive subscription rights in the event of issuances of shares against cash payment may be disappplied by a resolution of the shareholders at a general meeting of our shareholders and/or the shares or ADSs may be issued on the basis of an authorization granted to the board of directors pursuant to which the board may disapply the shareholders' pre-emptive subscription rights. Such shares or ADSs may be issued above, or at market value as well as by way of incorporation of available reserves (including premium). In addition, a shareholder may not be able to exercise the shareholder's

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pre-emptive right on a timely basis or at all, unless the shareholder complies with the Danish Companies Act and applicable laws in the jurisdiction in which the shareholder is resident. Furthermore, the use of pre-emptive subscription rights in relation to future capital increases in our company can be restricted for U.S. residents according to U.S. securities law. As a result, the shareholding or holders of ADSs of such shareholders or ADS holders may be materially diluted in the event shares or ADSs are issued in the future. Shares or ADSs may be issued at a discount to market price in rights offerings provided that the resolution is approved by two-thirds of the votes cast and the share capital represented at the general meeting and in these cases a restriction on the ability to exercise pre-emptive rights may materially dilute the value of the ordinary shares or ADSs held by the shareholder or ADS holder in question. Rights issues may also be carried out by the board of directors according to valid authorizations in our articles of association.

However, our ADS holders in the United States will not be entitled to exercise or sell such pre-emptive subscription rights related to the ordinary shares, which they represent unless we register the pre-emptive subscription rights and the securities to which the pre-emptive subscription rights relate under the Securities Act or an exemption from the registration requirements is available. In addition, the deposit agreement provides that the depository will not make rights available to you unless the distribution to ADS holders or both the rights and any related securities are either registered under the Securities Act or exempted from registration under the Securities Act. Further, if we offer holders of our ordinary shares the option to receive dividends in either cash or shares, under the deposit agreement the depository may require satisfactory assurances from us that extending the offer to holders of ADSs does not require registration of any securities under the Securities Act before making the option available to holders of ADSs. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, ADS holders may be unable to participate in our rights offerings or to elect to receive dividends in shares and may experience dilution in their holdings. In addition, if the depository is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, it will allow the rights to lapse, in which case you will receive no value for these rights.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements concerning our business, operations and financial performance and condition, as well as our plans, objectives and expectations for our business operations and financial performance and condition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “aim,” “anticipate,” “assume,” “believe,” “contemplate,” “continue,” “could,” “due,” “estimate,” “expect,” “goal,” “intend,” “may,” “objective,” “plan,” “predict,” “potential,” “positioned,” “seek,” “should,” “target,” “will,” “would,” and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology. These forward-looking statements include, but are not limited to, statements about:

- the timing of data from our ongoing Phase 2 pediatric study of TransCon hGH and our ongoing Phase 1 clinical proof-of-concept study of TransCon Treprostinil and the data from such studies;
- the timing of a Phase 3 study of TransCon hGH;
- our receipt of future milestone payments from our collaboration partners, and the expected timing of such payments;
- our expectations regarding the potential market size and the size of the patient populations for our product candidates, if approved for commercial use;
- our expectations regarding the potential advantages of our prodrug product candidates over existing therapies;
- our potential to enter into new collaborations;
- our expectations with regard to the ability to develop additional product candidates using our TransCon platform and file INDs for such product candidates;
- our expectations with regard to the ability to seek expedited regulatory approval pathways for our product candidates, including the ability to rely on the parent drug’s clinical and safety data with regard to our prodrug product candidates;
- our expectations with regard to our current and future collaboration partners to pursue the development of our prodrug product candidates;
- our development plans with respect to our product candidates;
- our ability to develop, acquire and advance product candidates into, and successfully complete, clinical trials;
- the timing or likelihood of regulatory filings and approvals for our product candidates;
- the commercialization of our product candidates;
- our commercialization, marketing and manufacturing capabilities;
- the implementation of our business model and strategic plans for our business, product candidates and technology;

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- the scope of protection we are able to establish and maintain for intellectual property rights covering our product candidates;
- estimates of our expenses, future revenue, capital requirements, our needs for additional financing and our ability to obtain additional capital;
- our expectations regarding the time during which we will be an emerging growth company under the JOBS Act;
- our use of proceeds from this offering;
- our financial performance; and
- developments and projections relating to our competitors and our industry.

These forward-looking statements are based on management's current expectations, estimates, forecasts, and projections about our business and the industry in which we operate and management's beliefs and assumptions and are not guarantees of future performance or development and involve known and unknown risks, uncertainties, and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this prospectus may turn out to be inaccurate. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under "Risk Factors" and elsewhere in this prospectus. Potential investors are urged to consider these factors carefully in evaluating the forward-looking statements. These forward-looking statements speak only as of the date of this prospectus. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC after the date of this prospectus. See "Where You Can Find More Information."

MARKET, INDUSTRY AND OTHER DATA

This prospectus contains estimates, projections and other information concerning our industry, our business, and the markets for our product candidates, including data regarding the total sales of product in those markets, the estimated patient population in those markets, their projected growth rates, the perceptions and preferences of patients and physicians regarding the disease indications that we are pursuing or may pursue, as well as data regarding market research, estimates and forecasts prepared by our management. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources. For example, certain information contained in this prospectus regarding industry and market data was obtained from Medtrack, a database of private and public biotechnology companies. In some cases, we do not expressly refer to the sources from which this data is derived. In that regard, when we refer to one or more sources of this type of data in any paragraph, you should assume that other data of this type appearing in the same paragraph is derived from the same sources, unless otherwise expressly stated or the context otherwise requires. In addition, assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause our future performance to differ materially from our assumptions and estimates. See "Special Note Regarding Forward-Looking Statements."

USE OF PROCEEDS

We estimate that the net proceeds from the sale of 5,000,000 ADSs in this offering will be approximately \$75.1 million (€61.8 million), after deducting the underwriting commission and estimated offering expenses payable by us, based on an assumed initial public offering price of \$17.00 per ADS (€14.01), the midpoint of the price range set forth on the cover page of this prospectus. If the underwriters exercise their option to purchase additional ADSs in full, we estimate that the net proceeds to us from this offering will be approximately \$86.9 million (€71.6 million) after deducting the underwriting commission and estimated offering expenses payable by us. Each \$1.00 (€0.82) increase (decrease) in the assumed initial public offering price of \$17.00 per ADS (€14.01), the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering, after deducting the underwriting commission and estimated offering expenses payable by us, by approximately \$4.7 million (€3.8 million), assuming that the number of ADSs offered by us, as set forth on the cover page of this prospectus, remains the same. We may also increase or decrease the number of ADSs we are offering. An increase (decrease) of 1,000,000 in the number of ADSs we are offering would increase (decrease) the net proceeds to us from this offering, after deducting the underwriting commission and estimated offering expenses payable by us, by approximately \$15.8 million (€13.0 million), assuming the assumed initial public offering price stays the same. We do not expect that a change in the offering price or the number of ADSs by these amounts would have a material effect on our intended uses of the net proceeds from this offering, although it may impact the amount of time until we need to seek additional capital.

The principal purpose of this offering is to increase our financial flexibility, create a public market for the ADSs and facilitate our access to the public equity markets. We intend to use the net proceeds from this offering, together with our existing cash resources, as follows:

- approximately \$75 to \$85 million (€61.8 to €70.0 million) to fund our ongoing and planned clinical development of TransCon hGH for the treatment of pediatric GHD and other associated indications;
- approximately \$5 to \$10 million (€4.1 to €8.2 million) to fund TransCon Treprostinil through its Phase 1 clinical proof-of-concept program;
- approximately \$3.5 million (€2.9 million) to fund continued investment in our TransCon technology, including our intellectual property, our lab, clinical and commercial scale manufacturing capabilities and our methods and know-how; and
- the balance to fund working capital and general corporate purposes.

Based upon our current operating plan, we anticipate that the net proceeds from this offering together with our existing cash and cash equivalents and a significant portion of the payments we anticipate receiving from our current collaboration partners, will enable us to complete our Phase 3 trial of TransCon hGH, assuming our collaboration programs advance as currently contemplated. However, due to the uncertainties inherent in the clinical development and regulatory approval process, it is difficult to estimate with certainty the exact amounts of the net proceeds from this offering that may be used for the above purposes. As such, our senior management will retain discretion over the use of the net proceeds from this offering. The amounts and timing of any future cash needs will depend upon numerous factors, including the timing of the results of our ongoing Phase 2 trial of TransCon hGH, the timing of the receipt of anticipated milestone payments from our existing collaboration partners, the receipt of any up-front payments or milestone payments from any future collaboration partners, the size, scope, timing and outcome of our ongoing and anticipated nonclinical studies or clinical trials, and the number and scope of any discovery programs and research and development activities that we may undertake.

DIVIDEND POLICY

We have never declared or paid cash dividends on our share capital. We intend to retain all available funds and any future earnings, if any, to fund the development and expansion of our business and we do not anticipate paying any cash dividends in the foreseeable future. Any future determination related to dividend policy will be made at the discretion of our board of directors.

CAPITALIZATION

The following table sets forth our capitalization and cash and cash equivalents as of September 30, 2014:

- on an actual basis;
- on a pro forma basis to give effect to:
 - our issuance and sale, in November 2014, of an aggregate of 6,133,832 preference D shares (nominal value DKK 1) at €8.0602 (\$9.7818) per share;
 - the conversion of all of our outstanding ordinary A, preference B, preference C and preference D shares, including the preference D shares issued in November 2014, into an aggregate of 16,935,780 ordinary shares (nominal value DKK 1) in connection with the closing of this offering; and
 - the filing, registration and effectiveness of our articles of association, which will occur immediately prior to the closing of this offering; and
- on a pro forma as adjusted basis to give further effect to the issuance of 5,000,000 ADSs, representing 5,000,000 ordinary shares, in this offering at an assumed initial public offering price of \$17.00 per ADS, the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting commission and estimated offering expenses payable by us.

Actual data as of September 30, 2014 in the table below is derived from our unaudited condensed consolidated interim financial statements. The pro forma and pro forma as adjusted data included in the table below is also unaudited. You should read this information together with our unaudited condensed consolidated interim financial statements appearing elsewhere in this prospectus and the information set forth under the headings “Selected Consolidated Financial Data” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	<u>As of September 30, 2014</u>		
	<u>Actual</u>	<u>Pro Forma</u> <u>(EUR'000)</u>	<u>Pro Forma As</u> <u>Adjusted(1)</u>
Cash and cash equivalents	<u>7,909</u>	<u>56,005</u>	<u>117,846</u>
Equity:			
Share capital			
Ordinary shares	—	2,272	2,947
Ordinary A shares	172	—	—
Preference B shares	148	—	—
Preference C shares	1,128	—	—
Other reserves	3,537	3,537	3,537
Retained earnings	<u>(2,486)</u>	<u>44,786</u>	<u>105,952</u>
Total equity	<u>2,499</u>	<u>50,595</u>	<u>112,436</u>
Total capitalization	<u>2,499</u>	<u>50,595</u>	<u>112,436</u>

- (1) Each \$1.00 (€0.82) increase or decrease in the assumed initial public offering price of \$17.00 per ADS (€14.01), the midpoint of the price range set forth on the cover page of this prospectus, would increase

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or decrease, respectively, the amount of cash and cash equivalents, total equity and total capitalization by \$4.7 million (€3.8 million), assuming the number of ADSs offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting commission, and estimated offering expenses payable by us. We may also increase or decrease the number of ADSs we are offering. An increase or decrease of 1,000,000 in the number of ADSs we are offering would increase or decrease, respectively, the amount of cash and cash equivalents, total equity and total capitalization by approximately \$15.8 million (€13.0 million), assuming the assumed initial public offering price per ADS, as set forth on the cover page of this prospectus, remains the same. The pro forma information is illustrative only, and we will adjust this information based on the actual initial public offering price and other terms of this offering determined at pricing.

The outstanding share capital and other reserves information in the table above, as September 30, 2014, excludes the following:

- 1,247,644 ordinary shares issuable upon exercise of outstanding warrants with an expiration date of August 21, 2015 at a weighted average exercise price of €3.1720 per share (\$3.8495), as of September 30, 2014;
- 1,185,676 ordinary shares issuable upon exercise of outstanding warrants with an expiration date of August 21, 2023 at a weighted average exercise price of €7.9962 per share (\$9.7041), as of September 30, 2014; and
- 2,084 ordinary shares issuable upon exercise of warrants pursuant to future warrant grants, as of September 30, 2014.

DILUTION

If you invest in the ADSs in this offering, your interest will be immediately diluted to the extent of the difference between the initial public offering price per ADS in this offering and the net tangible book value per ADS after this offering. As of September 30, 2014, we had a historical net tangible book value of \$(1.2) million (€1.0 million), or \$(0.11) per ordinary share (€0.09) (which corresponds to \$(0.11) per ADS (€0.09)). Our net tangible book value represents total consolidated tangible assets less total consolidated liabilities and, all divided by the number of ordinary shares outstanding on September 30, 2014. Our pro forma net tangible book value at September 30, 2014, before giving effect to this offering, was \$57.2 million (€47.1 million), or \$3.38 per ordinary share (€2.78) (which corresponds to \$3.38 per ADS (€2.78)). Pro forma net tangible book value, before the issuance and sale of ADSs in this offering, gives effect to:

- our issuance and sale, in November 2014, of an aggregate of 6,133,832 preference D shares at €8.0602 (\$9.7818) per share;
- the conversion of all of our outstanding ordinary A, preference B, preference C and preference D shares, including the preference D shares issued in November 2014, into an aggregate of 16,935,780 ordinary shares in connection with the closing of this offering; and
- the filing, registration and effectiveness of our articles of association, which will occur in connection with the closing of this offering.

After giving effect to the sale of ADSs in this offering at an assumed initial public offering price of \$17.00 per ADS (€14.01), the midpoint of the price range set forth on the cover page of this prospectus, and after deducting the underwriting commission and estimated offering expenses, our pro forma as adjusted net tangible book value at September 30, 2014 would have been approximately \$132.2 million (€108.9 million), or \$6.03 per ADS (€4.97). This represents an immediate increase in pro forma as adjusted net tangible book value of \$2.65 per ADS (€2.19) to existing shareholders and an immediate dilution of \$10.97 per ADS (€9.04) to new investors. The following table illustrates this per ADS dilution:

Assumed initial public offering price per ADS	\$17.00
Historical net tangible book value per ADS as of September 30, 2014	(0.11)
Pro forma increase in net tangible book value per ADS	3.49
Pro forma net tangible book value per ADS as of September 30, 2014	3.38
Increase in pro forma net tangible book value per ADS attributable to new investors	<u>2.65</u>
Pro forma as adjusted net tangible book value per ADS after this offering	<u>6.03</u>
Dilution per ADS to new investors participating in this offering	<u>\$10.97</u>

A \$1.00 increase (€0.82) (decrease) in the assumed initial public offering price of \$17.00 per ADS (€14.01), the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our pro forma as adjusted net tangible book value as of September 30, 2014 after this offering by approximately \$4.65 million (€3.83 million), or approximately \$0.21 per ADS (€0.17), and would increase (decrease) dilution to investors in this offering by approximately \$0.79 per ADS (€0.65), assuming that the number of ADSs offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the underwriting commission and estimated offering expenses payable by us. We may also increase or decrease the number of ADSs we are offering. An increase (decrease) of 1,000,000 in the number of ADSs we are offering would increase (decrease) our pro forma as adjusted net tangible book value as of September 30, 2014 after this offering by approximately \$15.8 million (€13.0 million), or approximately \$0.43 per ADS (€0.35), and would decrease (increase) dilution to investors in this offering by approximately \$0.43 per ADS (€0.35), assuming the assumed initial public offering price per ADS remains the same, after deducting the underwriting commission and estimated offering expenses payable by us. The pro forma as adjusted information is illustrative only, and we will adjust this information based on the actual initial public offering price and other

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terms of this offering determined at pricing. If the underwriters fully exercise their option to purchase additional ADSs, pro forma as adjusted net tangible book value after this offering would increase to approximately \$6.35 per ADS (€5.23), and there would be an immediate dilution of approximately \$10.65 per ADS (€8.78) to new investors.

To the extent that outstanding warrants with an exercise price per ADS that is less than the pro forma as adjusted net tangible book value per ADS, before giving effect to the issuance and sale of ADSs in this offering, are exercised, new investors will experience further dilution. In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that we raise additional capital through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our equityholders.

The following table shows, as of September 30, 2014, on a pro forma as adjusted basis, after giving effect to the pro forma adjustments described above, the number of ADSs purchased from us, the total consideration paid to us and the average price paid per ordinary share by existing shareholders and by new investors purchasing ADSs in this offering at an assumed initial public offering price of \$17.00 per ADS (€14.01), the midpoint of the price range set forth on the cover page of this prospectus, before deducting the underwriting commission and estimated offering expenses payable by us (in thousands, except ADS and per ADS amounts and percentages):

	ADS/Ordinary Shares Subscribed For/ Purchased		Total Consideration		Average Price Per Ordinary Share/ ADS
	Number	Percent	Amount	Percent	
Existing shareholders ⁽¹⁾	16,935,780	77.2%	\$ 89,576,948	51.3%	\$ 5.29
Investors participating in this offering ⁽¹⁾	5,000,000	22.8%	\$ 85,000,000	48.7%	\$ 17.00
Total	<u>21,935,780</u>	<u>100.0%</u>	<u>\$174,576,948</u>	<u>100.0%</u>	

(1) Certain of our existing institutional investors, including investors affiliated with certain of our board members, have indicated an interest in purchasing an aggregate of approximately \$22.0 million of our ADSs in this offering at the initial public offering price. The presentation in this table regarding ownership by existing shareholders does not give effect to any subscriptions in this offering by such investors. See the footnotes to the beneficial ownership table in “Principal Shareholders” for more details.

The number of ordinary shares and ADSs to be outstanding after this offering is based on the number of shares outstanding as of September 30, 2014 and excludes the following:

- 1,247,644 ordinary shares issuable upon exercise of outstanding warrants with an expiration date of August 21, 2015 at a weighted average exercise price of €3.1720 per share (\$3.8495), as of September 30, 2014;
- 1,185,676 ordinary shares issuable upon exercise of outstanding warrants with an expiration date of August 21, 2023 at a weighted average exercise price of €7.9962 per share (\$9.7041), as of September 30, 2014; and
- 2,084 ordinary shares issuable upon exercise of warrants pursuant to future warrant grants, as of September 30, 2014.

SELECTED CONSOLIDATED FINANCIAL DATA

The following tables present our selected consolidated financial data for our business. We derived the selected consolidated statement of profit or loss and other comprehensive income data and selected consolidated cash flow statement data for the years ended December 31, 2013 and 2012 and the selected consolidated statement of financial position data as of December 31, 2013 and 2012 and January 1, 2012 from our audited consolidated financial statements included elsewhere in this prospectus, which have been prepared in accordance with IFRS as issued by the IASB.

We derived the selected consolidated statement of profit or loss and other comprehensive income data and selected consolidated cash flow statement data for the nine months ended September 30, 2014 and 2013 and the selected consolidated statement of financial position data as of September 30, 2014 from our unaudited condensed consolidated interim financial statements included elsewhere in this prospectus, which have been prepared in accordance with IAS 34.

You should read this data together with our consolidated financial statements and related notes appearing elsewhere in this prospectus and the information under the captions “Capitalization” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Our historical results are not necessarily indicative of our future results, and our interim period results are not necessarily indicative of results to be expected for a full year or any other interim period. All share and per share data in this prospectus, including those relating to the warrants, gives retroactive effect to the bonus issue of shares in the ratio of 3:1 of the Company’s authorized, issued and outstanding shares, which was effective on January 13, 2015.

Selected Consolidated Statement of Profit or Loss and Other Comprehensive Income Data:

(EUR'000, except share and per share data)	Year Ended December 31,		Nine Months Ended September 30,	
	2013(1)	2012	2014 (unaudited)	2013
Revenue	20,408	15,583	11,157	14,849
Research and development costs	(12,713)	(11,380)	(12,177)	(9,987)
General and administrative expenses	(2,416)	(2,690)	(3,908)	(1,864)
Operating profit / (loss)	5,279	1,513	(4,928)	2,998
Finance income	158	4	493	111
Finance expenses	(732)	(232)	(102)	(314)
Profit / (loss) before tax	4,705	1,285	(4,537)	2,795
Tax on profit / (loss) for the period	(626)	(35)	(83)	(970)
Net profit / (loss) for the period	4,079	1,250	(4,620)	1,825
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign operations	(6)	(51)	3	(12)
Other comprehensive income / (loss) for the period, net of tax	(6)	(51)	3	(12)
Total comprehensive income / (loss) for the period, net of tax	4,073	1,199	(4,617)	1,813
Profit / (loss) for the year attributable to owners of the Company	4,079	1,250	(4,620)	1,825
Total comprehensive income / (loss) for the year attributable to owners of the Company	4,073	1,199	(4,617)	1,813
Basic and diluted earnings per share, preference C shares(2)	0.49	0.14	(0.55)	0.22
Basic and diluted earnings per share, preference B shares(2)	—	—	—	—
Basic and diluted earnings per share, ordinary A shares(2)	—	—	—	—

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- (1) The year ended December 31, 2013 has been restated for the correction of an error. See Note 1 to our consolidated financial statements for more information.
- (2) For additional information regarding our basic and diluted earnings per share, see our Consolidated Statements of Profit or Loss and Other Comprehensive Income included in our consolidated financial statements.

Selected Consolidated Statement of Financial Position Data:

The following table sets forth selected consolidated statement of financial position data as of the dates indicated:

(EUR'000)	As of December 31,		As of January 1,	As of
	2013(1)	2012	2012	September 30, 2014
Cash and cash equivalents	19,430	14,535	15,683	7,909
Total assets	26,700	25,405	22,818	15,728
Total liabilities	20,399	23,849	22,585	13,229
Retained earnings/(accumulated deficit)	2,134	(1,946)	(3,195)	(2,486)
Total equity	6,301	1,556	233	2,499

- (1) The year ended December 31, 2013 has been restated for the correction of an error. See Note 1 to our consolidated financial statements.

Selected Consolidated Cash Flow Statement Data:

The following table sets forth selected consolidated cash flow statement data for the periods indicated:

(EUR'000)	Year Ended December 31,		Nine Months Ended	
	2013	2012	September 30,	2013
Cash flows from/(used in) operating activities	6,310	(652)	(10,751)	9,191
Cash flows used in investing activities	(1,195)	(291)	(366)	(476)
Cash flows used in financing activities	(220)	(205)	(404)	(165)

EXCHANGE RATE INFORMATION

Our business is primarily conducted in the European Union, and we maintain our books and records in euros. We have presented results of operations in euros. On January 23, 2015, the exchange rate was €0.866 to \$1.00. In this prospectus, financial figures included or extracted from our audited consolidated financial statements have been translated in accordance with the guidelines under IFRS. For convenience of the reader, this prospectus also includes other translations from euros to U.S. dollars and U.S. dollars to euros. Unless specified as of a specific date, or otherwise indicated, translations from euros to U.S. dollars and from U.S. dollars to euros were made at the rate of €0.824 to \$1.00, the official exchange rate quoted as of December 31, 2014 by the European Central Bank. Such U.S. dollar amounts are not necessarily indicative of the amounts of U.S. dollars that could actually have been purchased upon exchange of euros at the dates indicated. The rates set forth below are provided solely for your convenience and may differ from the actual rates used in the preparation of our consolidated financial statements and other financial data included in this prospectus.

The following table presents information on the exchange rates between the euro and the U.S. dollar for the periods indicated:

	<u>Period-end</u>	<u>Average for period</u> (€ per U.S. dollar)	<u>Low</u>	<u>High</u>
Year Ended December 31:				
2009	0.694	0.717	0.661	0.796
2010	0.748	0.754	0.687	0.837
2011	0.773	0.718	0.672	0.776
2012	0.758	0.778	0.743	0.827
2013	0.725	0.753	0.724	0.783
Month Ended:				
July 31, 2014	0.746	0.738	0.731	0.746
August 31, 2014	0.761	0.750	0.744	0.761
September 30, 2014	0.795	0.775	0.761	0.788
October 31, 2014	0.792	0.789	0.776	0.799
November 30, 2014	0.803	0.802	0.800	0.808
December 31, 2014	0.824	0.812	0.801	0.824
January 2015 (through January 23)	0.866	0.849	0.824	0.866

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the information contained within "Selected Consolidated Financial Data" and our audited consolidated financial statements and unaudited condensed consolidated interim financial statements, including the notes thereto, included in this prospectus. The following discussion is based on our financial information prepared in accordance with IFRS as issued by the IASB included within this prospectus, which might differ in material respects from generally accepted accounting principles in other jurisdictions. The following discussion includes forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including but not limited to those described under "Risk Factors" and elsewhere in this prospectus. All share and per share data in this prospectus, including those relating to the warrants, gives retroactive effect to the bonus issue of shares in the ratio of 3:1 of the Company's authorized, issued and outstanding shares, which was effective on January 13, 2015.

Overview

We are a clinical stage biopharmaceutical company applying our TransCon technology to develop a pipeline of long-acting prodrug therapies with best-in-class profiles to address large markets with significant unmet medical needs. We are developing our lead product candidate, TransCon human growth hormone, or TransCon hGH, for once-weekly administration to treat growth hormone deficiency, or GHD, and other indications. We have successfully completed a Phase 2 study of TransCon hGH in adults with GHD and are currently conducting a six-month Phase 2 study in children with GHD. In December 2014, we reported positive interim six-month height velocity data from 25 patients, representing approximately 50% of the total enrollment in the study, completing all six months of treatment, and we expect to report topline data for all patients in this study in mid-2015. Using our TransCon technology, we have established a new paradigm that combines the benefits of conventional prodrug and sustained release technologies, and is broadly applicable to proteins, peptides and small molecules. In addition to TransCon hGH, we have developed a pipeline of long-acting prodrug product candidates such as TransCon Trepstinil, currently in a Phase 1 clinical proof-of-concept study, for the treatment of pulmonary arterial hypertension TransCon Insulin, for the treatment of diabetes, partnered with Sanofi, and TransCon Ranibizumab, in the field of ophthalmology, partnered with Genentech.

We commenced operations in December 2007 when we acquired Complex Biosystems GmbH, the company that invented the TransCon technology. Since we commenced operations in 2007, we have devoted substantially all of our efforts to developing our product candidates, including conducting preclinical studies and clinical trials and providing general and administrative support for these operations. We do not have any approved products and have never generated any revenue from product sales. Since our inception through September 30, 2014, we have funded our operations through the sale of €24.4 million of our preference shares and convertible debt securities, and we have received aggregate gross proceeds of approximately €69 million from collaboration partners for up-front technology licensing fees, assignment of certain intellectual property rights and for services rendered under those agreements.

We had a net loss of €4.6 million for the nine months ended September 30, 2014 and a net profit of €4.1 million for the year ended December 31, 2013. Our accumulated deficit was €2.5 million as of September 30, 2014 compared to retained earnings of €2.1 million as of December 31, 2013. We did not generate any revenues from royalties or product sales. We do not expect to generate royalty or revenues from product sales prior to regulatory approval of any of our product candidates.

In November 2014, we issued 6,133,832 preference D shares to new and existing investors at a price of €8.0602 (\$9.7818) per share for aggregate gross proceeds of €48 million (\$60 million). We believe that at some point in the future we will need substantial additional capital to support our operating activities and adequate funding may not be available to us on acceptable terms, or at all.

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We anticipate that our expenses will increase substantially in the future as we:

- pursue our ongoing and planned clinical development of TransCon hGH for the treatment of pediatric GHD;
- further develop TransCon Treprostinil through clinical proof of concept;
- continue to invest in our TransCon technology, including our intellectual property, our lab, clinical and commercial scale manufacturing capabilities and our methods and know-how;
- hire additional personnel, particularly in our research and development, clinical supply and quality control groups;
- add operational, financial and management information systems and related finance and compliance personnel; and
- operate as a public company.

Collaboration Agreements

Sanofi

In December 2010, we entered into a strategic collaboration agreement with Sanofi under which we assigned to Sanofi certain diabetes-related patent rights, and granted to Sanofi an exclusive, worldwide, royalty-free license to research, develop, make and commercialize (1) products based on the TransCon technology and any combination of glucagon-like-peptide-1, or GLP-1, glucagon and insulin to treat any diseases in humans or animals, or (2) any other product developed by Sanofi incorporating our TransCon technology, other technology covered by the assigned patents or other improvements to our TransCon technology or the foregoing products, to treat diabetes in humans or animals.

In consideration for these licenses to the TransCon technology and as payment for the assignment of specific diabetes-related product patents, Sanofi provided an aggregate of €25 million in non-refundable, up-front payments to us. Sanofi also committed to fund our development activities for a fixed amount over the first three years of the collaboration, in accordance with an agreed upon development plan. For the first two products developed under the Sanofi collaboration, we are also eligible to receive up to an aggregate of €170 million upon Sanofi's achievement of specified clinical development and regulatory approval milestones and up to an aggregate of €100 million upon Sanofi's achievement of certain sales-related milestones.

Genentech

In July 2013, we entered into a strategic collaboration agreement with Genentech, under which we granted Genentech an exclusive, worldwide royalty-bearing license to make, use and commercialize products based on the TransCon technology and any therapeutic or prophylactic compound, other than GLP-1, glucagon and/or insulin, for the treatment and/or prevention of any disease, condition or disorder of the eye, other than diabetic retinopathy. We also granted to Genentech a worldwide, non-exclusive, royalty-bearing license to make, use and commercialize such products to treat diabetic retinopathy.

In consideration for these licenses, Genentech paid us a non-refundable up-front technology license fee of \$20.0 million (€15.0 million), and we are eligible to receive milestone payments upon Genentech's achievement of specified development milestones and upon the achievement of the first commercial sale in certain specified markets. For each therapeutic or prophylactic compound containing (i) our TransCon technology licensed under this agreement and (ii) ranibizumab, the milestone payments shall not exceed \$100 million (€76 million), and for each such compound not containing ranibizumab, the milestone payments under this agreement shall not exceed \$80 million (€61 million). For products commercialized under this agreement,

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we are also eligible to receive tiered royalties on net sales, subject to customary reductions and offsets. For therapeutic or prophylactic compounds containing ranibizumab, these tiered royalties are at percentages in the mid-single digits but not exceeding the low-teen digits and, for other of therapeutic or prophylactic compounds not containing ranibizumab, these tiered royalties are at percentages in the mid-single digit range. Genentech also provides funding for our research and development activities under an agreed-upon plan.

United Therapeutics

In September 2012, we entered into a collaboration agreement with United Therapeutics under which we granted United Therapeutics an exclusive, worldwide, royalty-bearing license to research, develop, make and commercialize products based on the TransCon technology and prostacyclin analogs, for the treatment, amelioration and prevention of pulmonary hypertension in humans. As consideration, we received a non-refundable, up-front technology license fee of \$15 million (€11.7 million). In July 2013, the agreement was amended to include within the scope of this exclusive license products based on the TransCon technology and beraprost, another prostacyclin analog, for the same applications. On June 30, 2014, we received a notice from United Therapeutics informing us of its intent to terminate the collaboration agreement for convenience. In October 2014, we and United Therapeutics terminated the collaboration agreement, mutually released each other from claims and United Therapeutics transferred the TransCon Treprostinil program, including the IND, to us.

Financial Operations Overview

Revenue

To date, we have only generated revenue from license fees, the assignment of certain intellectual property rights, research and development services rendered under collaboration agreements and feasibility studies performed for potential partners. We have not yet generated any revenue from commercial product sales. Our collaboration agreements comprise elements of up-front license fees, milestone payments based on development and sales and royalties based on product sales. In addition, our collaboration agreements contemplate our involvement in the ongoing research and development of our partnered product candidates, for which we are paid fees for the services we render.

In addition to the revenue that we have generated from our collaborations, we also generate revenue for services performed on feasibility studies for potential partners to evaluate if our TransCon technology enables certain advantages for their product candidates of interest. Such feasibility studies are often structured as short-term agreements with fixed fees for the work that we perform.

The timing of our operating cash flows may vary significantly from the recognition of the related revenue. In general, income from up-front or initiation payments is deferred and recognized as revenue over the period of continued involvement. Other revenue, such as milestone payments or service fees, is recognized when earned; that is, when the milestone has been achieved or the services have been performed. Our revenue has varied substantially, and is expected to continue to vary, from quarter-to-quarter and year-to-year, depending upon, among other things, the structure and timing of milestone events, the number of milestones achieved, the level of revenues earned for ongoing development efforts, any new collaboration arrangements we may enter into and the terms we are able to negotiate with our collaboration partners. We therefore believe that period-to-period comparisons should not be relied upon as indicative of our future revenues.

Research and Development Costs

Research and development costs represent costs incurred to conduct discovery and development of our proprietary product candidates as well as research and development of product candidates for our collaboration partners and costs related to services performed on feasibility studies for potential partners. We expense all research costs as they are incurred, with development costs being expensed to the extent they do not meet the criteria for capitalization. To date, we have not capitalized any of our development costs.

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Our research and development costs consist primarily of manufacturing costs, preclinical and clinical study costs, personnel costs, the cost of premises, the cost of obtaining and maintaining our intellectual property portfolio, and the depreciation of assets used in research and development activities. Personnel costs consist of salaries, benefits and share-based payments.

We incur various external expenses under our collaboration agreements for material and services consumed in the development of our partnered product candidates. Under our collaboration agreements, our collaboration partners reimburse us for these external expenses. We recognize these reimbursements as a reduction of research and development costs. External expenses that are not reimbursed are recognized as research and development costs in the period in which they are incurred.

Government grants are recognized when there is reasonable assurance that the conditions underlying the grant have been met and that the grant will be received. In 2013 and 2012, we received grants from the German Bundesministerium for development activities related to early stage research applying our TransCon technology to various therapeutic compounds and disease categories. Government grants to cover research and development costs incurred are recognized as a reduction of research and development costs proportionally over the periods during which the related research and development expenses are incurred.

We manage our research and development costs on a consolidated portfolio basis, and do not track or manage total research and development costs by product candidate or by development project. Our research and development costs comprise both direct costs and indirect costs. Direct costs comprise external costs and/or costs that are individually allocable to particular development projects, such as manufacturing costs, preclinical and clinical study costs and certain consultancy fees to the extent such fees are tracked on a product candidate-by-product candidate basis. External costs are tracked on a product candidate-by-product candidate basis only once a product has reached a more advanced stage of development. Indirect costs comprise internal costs and costs that are not attributable to a particular development project or product candidate or that apply to the research and development organization in general.

For the nine months ended September 30, 2014, we incurred direct and indirect research and development costs of €4.9 million and €7.2 million, respectively, compared to €3.1 million and €6.9 million, respectively, for the nine months ended September 30, 2013. For the year ended December 31, 2013, we incurred direct and indirect research and development costs of €4.3 million and €8.4 million, respectively, compared to €7.2 million and €4.2 million, respectively, for the year ended December 31, 2012.

The division between direct and indirect research and development costs is not necessarily indicative of how we allocate resources to specific projects or the overall use of resources within our research and development organization. Certain research and development costs related to our partnered product candidates are incurred by or reimbursed by our collaboration partners, which has the effect of reducing or eliminating the research and development costs incurred by us for such product candidates. Furthermore, our collaboration partners typically carry the majority of the research and development costs for product candidates at amounts that are not known or made available to us. Therefore, our research and development costs will not reflect a complete picture of all financial resources devoted to our product candidates, nor will such historical costs necessarily reflect the stage of development for particular product candidates or development projects.

We expect our research and development costs to increase in the future as we continue development of our product candidates, conduct our development activities under our collaboration agreements with Sanofi and Genentech, and advance our discovery and research projects into preclinical development.

The successful development of our product candidates is highly uncertain. At this time we cannot reasonably estimate the nature, timing and estimated costs of the efforts that will be necessary to complete the development of, or the period, if any, in which material net cash inflows may commence from, any of our product candidates. This is due to numerous risks and uncertainties associated with developing drugs, including the uncertainty of:

- the scope, rate of progress and expense of our research and development activities;

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- clinical trial and early-stage results;
- the terms and timing of regulatory approvals;
- the expense of filing, prosecuting, defending and enforcing patent claims and other intellectual property rights; and
- the ability to market, commercialize and achieve market acceptance for our product candidates.

A change in the outcome of any of these variables with respect to the development of our product candidates could mean a significant change in the costs and timing associated with the development of such product candidate. For example, if the FDA or other regulatory authority were to require us to conduct preclinical and clinical studies beyond those which we currently anticipate will be required for the completion of clinical development or if we experience significant delays in enrollment in any clinical trials, we could be required to expend significant additional financial resources and time on the completion of the clinical development.

General and Administrative Expenses

General and administrative expenses consist primarily of personnel costs, facility costs, and other expenses for professional services, including legal, human resource, audit, tax and accounting services, and the depreciation of assets used in administrative activities. Personnel costs consist of salaries, benefits and share-based payments.

We expect our general and administrative expenses to increase substantially in the future as we expand our operating activities and prepare for potential commercialization of our product candidates, increase our headcount, and support our operations as a public company following the closing of this offering, including increased expenses related to legal, accounting, regulatory and tax-related services associated with maintaining compliance with the rules and regulations applicable to companies listed on a securities exchange, and costs related to compliance and reporting obligations pursuant to the rules and regulations of the Securities and Exchange Commission, or SEC. In addition, we expect to incur increased expenses related to additional insurance, investor relations activities and other increases related to needs for additional administration and professional services associated with being a public company.

Finance Income and Finance Expenses

We do not hold any interest-bearing debt. As such, finance income and finance expenses consist primarily of realized and unrealized exchange rate gains and losses on cash, receivables and payables in foreign currencies. As we undertake transactions denominated in foreign currencies, we are exposed to exchange rate fluctuations. We manage our exchange rate exposure through maintaining positions in the various currencies used in the operations and managing payments from the most appropriate positions. We are primarily exposed to movements in U.S. Dollars, or USD, and Danish Kroner, or DKK. We do not enter into derivative financial instruments to manage our exposure to exchange rate risks.

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Comparison of the nine months ended September 30, 2014 and 2013 (unaudited):

	Nine Months Ended	
	September 30,	
	2014	2013
	(EUR'000)	(EUR'000)
Revenue	11,157	14,849
Research and development costs	(12,177)	(9,987)
General and administrative expenses	(3,908)	(1,864)
Operating profit / (loss)	(4,928)	2,998
Finance income	493	111
Finance expenses	(102)	(314)
Profit / (loss) before tax	(4,537)	2,795
Tax on profit / loss for the period	(83)	(970)
Net profit / (loss) for the period	(4,620)	1,825

Revenue

The following table summarizes our revenue for the nine months ended September 30, 2014 and 2013 (unaudited):

	Nine Months Ended	
	September 30,	
	2014	2013
	(EUR'000)	(EUR'000)
Revenue from the rendering of services	4,496	3,392
License income	6,661	11,457
Total revenue	11,157	14,849

Total revenue for the nine months ended September 30, 2014 was €11.2 million, a decrease of €3.7 million, or 25%, compared to total revenue of €14.8 million for the nine months ended September 30, 2013. This change was driven by a decrease in revenue from the Sanofi collaboration of €4.9 million for the nine months ended September 30, 2014 as compared to the nine months ended September 30, 2013. This decrease resulted from the completion of the period over which we recognized the original upfront payment under the Sanofi collaboration agreement as revenue. Revenue recognized from our collaboration with United Therapeutics decreased by €2.5 million for the nine months ended September 30, 2014 as compared to the nine months ended September 30, 2013 due to fewer services rendered by us to United Therapeutics and due to the initial collaboration period ending at June 30, 2014. These decreases were offset by an increase in revenue from our collaboration with Genentech of €3.8 million for the nine months ended September 30, 2014 as compared to the nine months ended September 30, 2013. The collaboration with Genentech was initiated in July 2013, and accordingly, only one quarter of revenue was recognized during the nine months ended September 30, 2013.

As of September 30, 2014, we had deferred income of €9.7 million arising from collaboration agreements with Genentech and Sanofi compared to €23.8 million as of September 30, 2013. This deferred income will be recognized as revenue as our collaboration partners progress their development projects.

Research and Development Costs

Research and development costs increased to €12.2 million for the nine months ended September 30, 2014 from €10.0 million for the nine months ended September 30, 2013. The increase of €2.2 million, or 22%, is

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primarily attributable to a €1.1 million increase in personnel costs related to an increase in the number of employees in research and development functions. External costs associated with our proprietary product candidates, primarily TransCon hGH, increased by approximately €0.6 million due to initiation of our Phase 2 pediatric study, and costs related to protecting and maintaining our intellectual property rights and general costs such as rent and facility costs, laboratory supplies and consultancy services allocated to research and development increased by €0.8 million. Finally, we received €0.3 million in grants from the German Bundesministerium in the nine months ended September 30, 2013, whereas no grants were received during the nine months ended September 30, 2014. Such grants have been offset against the research and development costs for the respective periods.

General and Administrative Expenses

General and administrative expenses were €3.9 million for the nine months ended September 30, 2014, an increase of €2.0 million, or 110%, compared to general and administrative expenses of €1.9 million for the nine months ended September 30, 2013. This increase is primarily due to an increase in professional fees related to planning for an initial public offering, or IPO, and the hiring of additional administrative personnel in support of our planned IPO.

Finance Income and Finance Expenses

Finance income increased by €0.4 million to €0.5 million for the nine months ended September 30, 2014 compared to €0.1 million for the nine months ended September 30, 2013. Finance expenses decreased by €0.2 million to €0.1 million for the nine months ended September 30, 2014 compared to €0.3 million for the nine months ended September 30, 2013. On a net basis, net finance income was €0.4 million for the nine months ended September 30, 2014, a net increase of €0.6 million compared to net finance expenses of €0.2 million for the nine months ended September 30, 2013. The increase in net financial income was due to positive exchange rate fluctuations, primarily between the USD and EUR. We did not hold interest-bearing debt for any of the periods presented.

Tax on Profit for the Period

Tax for the nine months ended September 30, 2014 was €82,853 compared to €970,370 for the nine months ended September 30, 2013. The tax provision for the nine months ended September 30, 2014 is attributable to our German subsidiary in the amount of €56,853 and to our U.S. subsidiary in the amount of €26,000. The tax provision for the nine months ended September 30, 2013 was attributable to our German subsidiary in the amount of €149,965, to our U.S. subsidiary in the amount of €17,521 and to our group of jointly taxed Danish companies in the amount of €802,884.

Comparison of the years ended December 31, 2013 and 2012:

	Year Ended December 31,	
	2013⁽¹⁾	2012
	(EUR'000)	(EUR'000)
Revenue	20,408	15,583
Research and development costs	(12,713)	(11,380)
General and administrative expenses	(2,416)	(2,690)
Operating profit	5,279	1,513
Finance income	158	4
Finance expenses	(732)	(232)
Profit before tax	4,705	1,285
Tax on profit for the year	(626)	(35)
Net profit for the year	4,079	1,250

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- (1) The year ended December 31, 2013 has been restated for the correction of an error. See Note 1 to our consolidated financial statements for more information.

Revenue

The following table summarizes our revenue for the years ended December 31, 2013 and 2012:

	Year Ended December 31,	
	2013	2012
	(EUR'000)	(EUR'000)
Revenue from the rendering of services	4,161	5,191
License income	16,247	10,392
Total revenue	20,408	15,583

Total revenue for the year ended December 31, 2013 was €20.4 million, an increase of €4.8 million, or 31%, compared to total revenue of €15.6 million for the year ended December 31, 2012. This increase in revenue is primarily due to the full and partial year effects on revenue related to payments under our collaborations with United Therapeutics and Genentech, respectively, for the years ended December 31, 2013 as compared to the year ended December 31, 2012. In the year ended December 31, 2013, we had a €3.8 million increase in revenue from United Therapeutics primarily due to the full-year effect of the revenue in the year ended December 31, 2013 as compared to only six months of revenue under the agreement for the year ended December 31, 2012. In the year ended December 31, 2013, we had a €3.5 million increase in revenue that resulted from an up-front payment we received upon entering into a collaboration agreement with Genentech in July 2013 as compared to no revenue from our collaboration with Genentech in the year ended December 31, 2012. Revenue from our collaboration agreement with Sanofi decreased by €1.0 million and revenue from feasibility studies decreased by €1.5 million for the year ended December 31, 2013 as compared to the year ended December 31, 2012.

As of December 31, 2013, we had deferred income of €17.5 million arising from collaboration agreements compared to €21.1 million as per December 31, 2012. This deferred income will be recognized as revenue as our collaboration partners progress their development projects.

Research and Development Costs

Research and development costs increased to €12.7 million for the year ended December 31, 2013 from €11.4 million for the year ended December 31, 2012. The increase of €1.3 million, or 11%, is primarily attributable to a €1.3 million increase in personnel costs related to an increase in the number of employees in research and development functions. External costs associated with our proprietary product candidate TransCon hGH decreased by approximately €1.0 million following the high costs for the year ended December 31, 2012, building up to initiation of our Phase 2 pediatric study. This decrease was offset by increasing costs incurred for the year ended December 31, 2013 as we furthered development of our early stage programs.

We also received €0.4 million in grants from the German Bundesministerium in 2013 compared to €0.3 million in 2012. Such grants have been offset against the research and development costs for the respective years.

General and Administrative Expenses

General and administrative expenses were €2.4 million for the year ended December 31, 2013, a decrease of €0.3 million, or 11%, compared to general and administrative expenses of €2.7 million for the year ended December 31, 2012. Our overhead expenses are allocated to general and administrative and research and development functions based on the proportion of general and administrative to research and development

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employees. In 2013, we increased the number of our research and development employees relative to our general and administrative employees. The €0.3 million reduction in general and administrative expense was primarily due to this proportional change of employees in our general and administrative and research and development departments.

Finance Income and Finance Expenses

Finance income increased by €154,373 to €158,269 for the year ended December 31, 2013 compared to €3,896 for the year ended December 31, 2012. Finance expenses also increased by €499,429 to €731,704 for the year ended December 31, 2013 compared to €232,275 for the year ended December 31, 2012. On a net basis, net finance expenses were €0.6 million for the year ended December 31, 2013, a net increase of €0.4 million compared to €0.2 million for the year ended December 31, 2012. The increase in net expenses was due to exchange rate fluctuations, primarily with respect to the cash position maintained in USD, as the exchange rate between USD and EUR weakened over the year ended December 31, 2013.

Tax on Profit for the Year

Tax on profit for the year was €0.6 million for the year ended December 31, 2013 compared to €35,063 for the year ended December 31, 2012. €0.2 million of the tax provision for the year ended December 31, 2013 relates to our German subsidiary, which had a taxable income exceeding its tax losses carried forward, whereas in 2012 the taxable income was offset by tax losses carried forward. Ascendis Pharma A/S and our Danish subsidiaries are subject to joint taxation with the benefit of offsetting tax profits and tax losses, however with certain restrictions on the offsetting within each fiscal year. For the year ended December 31, 2013, these jointly taxed entities had a taxable income which could not be fully offset by tax losses carried forward due to such restrictions, and accordingly, a tax provision of €0.4 million was recognized. For the year ended December 31, 2012, tax profits within these jointly taxed entities was fully offset by tax losses, and no tax provisions were recognized. The tax provision for the year ended December 31, 2012 was solely related to our subsidiary in the United States.

At December 31, 2013 and 2012, we had net deferred tax assets of €6.8 million and €7.7 million, respectively, which were not recognized in the consolidated statement of financial position due to uncertainties relating to the future utilization. The decrease in the unrecognized deferred tax asset can primarily be attributed to a decrease in tax losses carried forward. The deferred tax asset can be carried forward without timing limitations. Limitations on amounts to be used each year exist.

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2013:

Contractual Obligations:	Less Than 1 Year	Payments Due by Period			Total
		1 to 3 Years	3 to 5 Years	More Than 5 Years	
Operating Lease Obligations ⁽¹⁾⁽²⁾	577	138	—	—	715
Total contractual obligations	577	138	—	—	715

- (1) Operating Lease Obligations primarily comprise leased offices in Denmark and the United States, and leased offices and laboratories in Germany.
(2) Subsequent to December 31, 2013, the lease term of our offices and laboratories in Germany was extended by 24 months to expire on January 31, 2017. The additional commitment amount is €0.7 million, the majority of which is payable between 1 to 3 years from December 31, 2013.

Liquidity and Capital Resources

As of September 30, 2014, we had cash and cash equivalents totaling €7.9 million (\$9.9 million) and, as of December 31, 2014, we had cash and cash equivalents totaling €50.2 million (\$60.9 million). We have funded our operations primarily through issuance of our preference shares and convertible debt securities and payments to us under our collaboration agreements. Our expenditures are primarily related to research and development activities and general and administrative activities to support research and development. We do not have any debt to third parties.

We believe that our existing cash and cash equivalents as of September 30, 2014, along with the €48 million (\$60 million) of gross proceeds from our sale of our preference D shares in November 2014 and the proceeds from this offering, will be sufficient to meet our projected cash requirements for at least 12 months from the date of this prospectus. However, our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional funds sooner than planned. Our future funding requirements will depend on many factors, including, but not limited to:

- our ability to establish and maintain strategic partnerships, licensing or other arrangements and the financial terms of such agreements;
- the achievement of development, regulatory and commercial milestones resulting in the payment to us from our collaboration partners of contractual milestone payments and the timing of receipt of such payments, if any;
- the progress, timing, scope, results and costs of our preclinical studies and clinical trials for our product candidates that have not been licensed, including the ability to enroll patients in a timely manner for clinical trials;
- the time and cost necessary to obtain regulatory approvals for our product candidates that have not been licensed and the costs of post-marketing studies that could be required by regulatory authorities;
- our progress and the progress of our collaboration partners in the successful commercialization and co-promotion of our most advanced product candidates and our efforts to develop and commercialize our other existing product candidates;
- the cash requirements of any future acquisitions or discovery of product candidates;
- the number and scope of preclinical and discovery programs that we decide to pursue or initiate;
- the potential acquisition and in-licensing of other technologies, products or assets;
- the time and cost necessary to respond to technological and market developments, including further development of our TransCon technology; and
- the costs of filing, prosecuting, maintaining, defending and enforcing any patent claims and other intellectual property rights, including litigation costs and the outcome of such litigation, including costs of defending any claims of infringement brought by others in connection with the development, manufacture or commercialization of our product candidates.

Additional funds may not be available when we need them on terms that are acceptable to us, or at all. If adequate funds are not available to us on a timely basis, we may be required to delay, limit, scale back or cease our research and development activities, preclinical studies and clinical trials for our product candidates for which we retain such responsibility and our establishment and maintenance of sales and marketing capabilities or other activities that may be necessary to commercialize our product candidates.

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Since our inception, as of September 30, 2014, we have funded our operations through the sale of €24.4 million of our preference shares and convertible debt securities, and we have received aggregate gross proceeds of approximately €69 million from collaboration partners for up-front technology licensing fees, assignment of certain intellectual property rights and for services rendered under those agreements.

The following table summarizes our cash flows for the years ended December 31, 2013 and 2012 and each of the unaudited nine month periods ended September 30, 2014 and 2013:

	<u>Year Ended December 31,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2013</u>	<u>2012</u>	<u>2014</u>	<u>2013</u>
	<u>(EUR'000)</u>	<u>(EUR'000)</u>	<u>(EUR'000)</u>	<u>(EUR'000)</u>
Cash flows from/(used in) operating activities	6,310	(652)	(10,751)	9,191
Cash flows used in investing activities	(1,195)	(291)	(366)	(476)
Cash flows used in financing activities	(220)	(205)	(404)	(165)
Net increase / (decrease) in cash and cash equivalents	<u>4,895</u>	<u>(1,148)</u>	<u>(11,521)</u>	<u>8,550</u>

Cash flows from/(used in) Operating Activities

Net cash used in operating activities was €10.8 million for the nine months ended September 30, 2014. The net loss for the nine months ended September 30, 2014 was €4.6 million, which was partially offset by non-cash charges of €0.4 million for depreciation and €0.8 million for share-based payments. Further, net finance income, primarily comprising exchange rate adjustments of €0.4 million, and tax charges of €0.1 million, were reversed. The net change in working capital of €7.2 million primarily comprised a €7.8 million decrease in deferred income, partly offset by an increase in trade payables and other payables of €0.7 million and a net increase in deposits, prepayments and receivables of €0.1 million.

Net cash generated from operating activities was €9.2 million for the nine months ended September 30, 2013. The net profit for the nine months ended September 30, 2013 of €1.8 million was adjusted for non-cash charges of €0.3 million for depreciation and €0.5 million for share-based payments. Further, net finance expenses, primarily comprising exchange rate adjustments, of €0.2 million, and tax charges of €1.0 million, were reversed. The net change in working capital of €5.6 million was primarily comprised of a reduction in receivables and prepayments of €3.5 million that was partially offset by an increase in trade payables and other payables of €0.6 million. Further, an increase in deferred income had a positive impact on cash flows by €2.7 million.

Cash flows from operating activities for the year ended December 31, 2013 were €6.3 million compared to cash flows used in operating activities of €0.7 million for the year ended December 31, 2012. The net profit for the year ended December 31, 2013 was €4.1 million, which was adjusted for non-cash charges of €0.4 million for depreciation and €0.7 million for share-based payments. Further, net finance charges, primarily comprising exchange rate adjustments of €0.6 million, and tax charges of €0.6 million, were reversed. The net change in working capital of €0.5 million primarily comprised a reduction in receivables, related to up-front payments and payments for services rendered from our collaboration partners of €4.0 million that was partially offset by €3.6 million from the recognition of deferred income.

Cash flows used in operating activities for the year ended December 31, 2012 was €0.7 million. The net profit for the year of €1.3 million was adjusted for non-cash charges of €0.4 million for depreciation and €0.1 million for share-based payments. Further, net finance charges, primarily comprising exchange rate adjustments of €0.2 million, and tax charges of €35,063, were reversed. The working capital was decreased by €2.5 million, primarily affected by an increase in receivables, related to up-front payments and payments for services rendered of €4.5 million that was partially offset by a decrease in deferred income of €1.4 million.

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Cash Flows Used in Investing Activities

Cash flows used in investing activities for the nine months ended September 30, 2014 and 2013 were €0.4 million and €0.5 million, respectively, were primarily related to acquisition of property, plant and equipment for use in the laboratories of our German facility.

Cash flows used in investing activities for the year ended December 31, 2013 and 2012 of €1.2 million and €0.3 million, respectively, were solely related to the acquisition of property, plant and equipment, for use in the laboratories of our German facility.

Cash Flows Used in Financing Activities

Cash flows used in financing activities for the nine months ended September 30, 2014 of €0.4 million were related to costs in connection with this offering. For the nine months ended September 30, 2013, cash flows used in financing activities was €0.2 million, and was related solely to installments made on a lease arrangement for laboratory equipment.

Cash flows used in financing activities for the year ended December 31, 2013 of €0.2 million were solely related to installments on long-term financial liabilities. In 2010, we entered into a lease arrangement for laboratory equipment and in 2013, paid the last installment of the lease. We ultimately acquired the equipment at the end of the lease term. We have no further payment obligations on any of our laboratory equipment as of December 31, 2013.

Cash flows used in financing activities for the year ended December 31, 2012 of €0.2 million were solely related to installments on the lease arrangement for the laboratory equipment entered into in 2010 as described above.

Off-balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements or any holdings in variable interest entities.

Quantitative and Qualitative Disclosures about Market Risk

Our activities primarily expose us to the financial risks of changes in foreign currency exchange rates and interest rates. We do not enter into derivative financial instruments to manage our exposure to such risks.

Foreign Currency Risk

We are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the U.S. dollar and the Danish Krone. Our functional currency is the euro, but we have received payments in U.S. dollars under our collaboration with Genentech and our prior collaboration with United Therapeutics. While we have not established a formal practice to manage foreign exchange risk against our functional currency, we maintain cash reserves denominated in the various currencies we need to run our operations and make payments from those reserves. As required under IFRS, we perform an analysis and report on our foreign currency exposure on an annual basis. At December 31, 2013, the carrying amount of our foreign currency denominated monetary assets and liabilities was €18.7 million, and we held \$21.8 million denominated in U.S. dollars.

Proceeds from this offering in U.S. dollars may be partially held in U.S. dollars and partially converted to our functional currency, the euro.

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A sensitivity analysis of our exposure to USD based on outstanding foreign currency denominated monetary items as of December 31, 2013 shows that a strengthening of USD against EUR by 10% would increase net profit or loss and equity by €1.6 million. A 10% weakening of USD against EUR would decrease profit or loss and equity by a similar amount.

A sensitivity analysis of our exposure to USD based on outstanding foreign currency denominated monetary items as of December 31, 2012 shows that a strengthening of USD against EUR by 10% would increase net profit or loss and equity by €1.2 million. A 10% weakening of USD against EUR would decrease profit or loss and equity by a similar amount.

Interest Rate Risk

We are not directly exposed to interest rate risk because of our capital structure with no interest-bearing debt to third parties.

Credit Risk

We consider all of our material counterparties to be creditworthy. Our trade receivables consist of a small number of large transactions with our collaboration partners and other biopharmaceutical companies. This may lead to significant concentration of credit risk, but we consider the credit risk for each of our collaboration partners, and other customers with whom we conduct business, to be low. We limit our credit risk on cash and cash equivalents by depositing our cash reserves with banks that maintain high credit ratings assigned by international credit-rating agencies.

Liquidity Risk

We manage our liquidity risk by maintaining adequate cash reserves at banking facilities, and by continuously monitoring our cash forecasts, our actual cash flows, and by matching the maturity profiles of financial assets and liabilities. We believe that our existing cash and cash equivalents as of September 30, 2014, along with the proceeds from our sale of our preference D shares in November 2014 and the proceeds from this offering, will be sufficient to meet our projected cash requirements for at least the 12 months from the date of this prospectus.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB. A description of our accounting policies is provided in the Accounting Policies section of the audited consolidated financial statements as of and for the years ended December 31, 2013 and 2012 included elsewhere in this prospectus. In the application of our accounting policies, we are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. In some instances, we could have reasonably used different accounting estimates, and in other instances changes in the accounting estimates are reasonably likely to occur from period to period. Accordingly, actual results could differ significantly from the estimates we have made. To the extent that there are material differences between these estimates and actual results, our future financial statement presentation, financial conditions, results of operations and cash flows will be affected.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision or revisions affect both current and future periods.

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Critical Accounting Policies

We are required to make critical judgments when applying certain of our accounting policies. The following critical judgments have the most significant effect on amounts recognized in our consolidated financial statements.

Revenue Recognition

International Accounting Standard, or IAS, 18, "Revenues" prescribes the criteria to be fulfilled for revenue recognition. Evaluating the criteria for revenue recognition with respect to our research and development and commercialization agreements requires management's judgment to ensure that all criteria have been fulfilled prior to recognizing any amount of revenue.

As noted above, we generate revenue from our collaboration partners for the research and development of certain products which utilize our TransCon technology. Payments between collaboration partners are accounted for and presented in the results of operations after considering the specific nature of the payment and the underlying activities to which the payments relate. Collaboration agreements which contain multiple activities are only separated into individual units of accounting if they constitute a separate earnings process. If multiple activities or rights are not separable, they are combined into a single unit of accounting.

Under our collaboration agreements, we have licensed certain rights to our TransCon technology in exchange for up-front payments and potential future milestone payments tied to development and regulatory milestones, plus sales-related milestone payments and tiered royalties. Furthermore, we perform certain development activities according to agreed development plans for which we receive separate remuneration based on an agreed full-time-equivalent rate and reimbursement of external costs.

For each license and collaboration agreement, we determined that the rights transferred to our collaboration partners did not have standalone value as they were closely related to the agreed research and development activities and such rights were not sold separately by us or any other party, nor could any party receive full benefit for the delivered rights without the fulfillment of other ongoing obligations by us under the license and collaboration agreements. As a result, proceeds from up-front payments were deferred and recognized as revenue over the expected life of the joint development period. Although the collaboration agreements include payments for certain development and sales milestones, we did not recognize any such revenue during the periods presented as the criteria for payment had not yet been met.

Cost reimbursements between the parties are recognized as incurred and included in research and development expenses.

Share-Based Payment

IFRS 2, "Share-Based Payment" requires an entity to reflect in its profit or loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which share options are granted to employees. We have granted warrants to our employees, consultants and board members under two different warrant programs, which are classified as equity-settled share-based payment arrangements under IFRS 2.

We recognize compensation costs related to these warrants based on the estimated fair value of the awards on the date of grant, net of estimated forfeitures. We estimate the grant date fair value, and the resulting share-based payment expense, using the Black-Scholes option-pricing model. The grant date fair value of the share-based awards is generally recognized on an accelerated basis over the requisite service period, i.e. each tranche of a warrant grant is treated separately for expense recognition purposes. Accordingly, each warrant grant is treated in up to 48 tranches, which are each recognized over the expected useful life of that particular tranche.

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Because our company's warrants vest on a monthly basis over periods up to 48 months, a higher percentage of total expense is recognized in the initial years after the grant date. Share-based payment expense was €0.7 million and €0.1 million for the years ended December 31, 2013 and 2012, respectively, and €0.8 million and €0.5 million for the nine months ended September 30, 2014 and 2013, respectively.

The Black-Scholes option-pricing model requires the use of highly subjective assumptions which determine the fair value of share-based awards. These assumptions include:

- *Expected Lifetime*—The expected lifetime of each individual warrant tranche represents the period that share-based awards are expected to be outstanding. The warrants may be exercised during two exercise periods of three weeks, each commencing on January 1 and August 1, respectively. The last exercise period for warrants granted during the period 2008 to 2012 expires in August 2015. For these warrants, the expected lifetime was based on the contractual term, as we expect these warrants to be exercised at the end of their contractual term. For the remaining warrants, which can be exercised until August 2023, we estimated the expected lifetime based on the weighted average of the time from grant date to date the warrants become exercisable and from grant date to expiry of the warrants, also considering the periods during which the warrants may be exercised.
- *Expected Volatility*—Since we are privately held and do not have any trading history for our ordinary shares, the expected volatility was estimated based on the average volatility for comparable publicly traded biopharmaceutical companies measured over a period equal to the expected lifetimes of the individual warrant tranches. When selecting comparable publicly traded biopharmaceutical companies on which we based our expected share price volatility, we selected companies with comparable characteristics to us, including enterprise value, risk profiles, position within the industry, and with historical share price information sufficient to measure volatility over the expected lifetime of the share-based awards. The historical volatility data was computed using the daily closing prices for the selected companies' shares. We will continue to apply this process until a sufficient amount of historical information regarding the volatility of our own share price becomes available.
- *Risk-Free Interest Rate*—The risk-free interest rate is based on the Danish government bond effective interest rate in effect at the time of grant with the same lifetime as the warrants.
- *Expected Dividend*—We have never paid dividends on our ordinary shares and have no plans to pay dividends on our ordinary shares or ADSs. Therefore, we provided for no payment of dividends in the Black-Scholes option pricing model.

In addition to the Black-Scholes assumptions, we estimate our forfeiture rate based on an analysis of our actual forfeitures, and will continue to evaluate the adequacy of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover behavior, and other factors. To date, consistent with our expectations, we have experienced minimal forfeitures. The impact from any forfeiture rate adjustment would be recognized in full in the period of adjustment, and if the actual number of future forfeitures differs from our estimates, we might be required to record adjustments to share-based compensation in future periods.

Prior to November 2014, the exercise price at which our warrants could be exercised into our ordinary shares was set on each grant date at the value per share established for preference shares for the corresponding most recent round of equity financing. In connection with preparation for an initial public offering, our board of directors performed a valuation of our ordinary shares on a retrospective basis. Given the absence of a public trading market for our ordinary shares, the board of directors exercised reasonable judgment and considered a number of objective and subjective factors to determine the best estimate of the fair value of our ordinary shares in prior periods, including the relevant stage of development; progress of our research and development efforts; the rights, preferences and privileges of our preference shares relative to those of our ordinary shares; equity

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market conditions affecting comparable public companies; and the lack of marketability of our ordinary shares. Additionally, the board considered retrospective valuations of our ordinary shares prepared by an unrelated third-party valuation firm in accordance with the guidance provided by the American Institute of Certified Public Accountants Practice Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation. After considering all these factors, the board determined fair values of our ordinary shares at grant dates, which, at each date, were less than the exercise prices at which the warrants we granted could be exercised, as the exercise prices had been set at the value per share for preference shares.

In determining the fair value for our ordinary shares for periods up to December 31, 2012, we used the Option-Pricing Method, or OPM. For purposes of this method, we estimated the enterprise value based on the price of our most recent preference shares financing and consideration of incremental cash flows anticipated from milestone payments from our collaboration partners added after such financing. For periods subsequent to December 31, 2012, as there was less uncertainty regarding a potential exit event, we applied the hybrid method. Under the hybrid method, we estimated per-share values of our ordinary shares under different scenarios, using the Probability-Weighted Expected Return Method, or PWERM, for two of our exit scenarios, going public in twelve months and in eighteen months, and the OPM for the remaining scenario of continuing to operate as a private company. For purposes of PWERM, we applied the market approach to determine the enterprise value. The market approach estimates the fair value of a company through estimation of a future value to be realized in a future initial public offering based on recent comparable biopharmaceutical companies' initial public offerings. Such value is discounted using an appropriate risk-adjusted discount factor based primarily on benchmark venture capital studies of discount rates for other companies in similar stages of development.

Under all methods, we allocated the enterprise value to our preference and ordinary shares and warrants based on rights and entitlements of these instruments. We then applied a discount for lack of marketability of our ordinary shares as our securities are not currently freely transferable, commensurate with the estimated timing and prospects of liquidity, and applied estimated probabilities of each contemplated scenario to determine the aggregate per-share value of our ordinary shares.

For valuations after the completion of this offering, our board of directors will determine the fair value of our ordinary shares based on the closing price of the ADSs as reported on the date of grant.

The intrinsic value of all outstanding warrants as of September 30, 2014 was €20,647,655 based on the assumed initial public offering price of the ADSs, which is the midpoint of the price range set forth on the cover page of this prospectus.

Internally Generated Intangible Assets

IAS 38, "Intangible Assets" prescribes that intangible assets arising from development projects must be recognized in the consolidated statement of financial position if the criteria for capitalization are met. That means (1) that the development project is clearly defined and identifiable; (2) that technological feasibility, adequate resources to complete and a market for the product or an internal use of the project can be documented; (3) that the expenditure attributable to the development project can be measured reliably; and (4) that our senior management has the intent to produce and market the product or use it internally.

Such an intangible asset shall be recognized if it can be documented that the future income from the development project will exceed the aggregate cost of development, production, sale and administration of the product.

We believe that future income from our development projects cannot be determined with sufficient certainty until the development activities have been completed and the necessary approvals have been obtained. Accordingly, we do not recognize internally generated intangible assets at this time.

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Joint Arrangements / Collaboration Agreements

Collaboration agreements within the biopharmaceutical industry are often structured so that each party contributes its respective skills in the various phases of a development project. No joint control exists for such collaborations and the parties do not have any financial obligations on behalf of each other. Our current collaboration agreements are not considered to be joint arrangements as defined in IFRS 11, "Joint Arrangements."

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Impairment of Goodwill

As required under IFRS, we perform an impairment test of goodwill on an annual basis, or more frequently to the extent indicators of impairment exist. For the years ended December 31, 2013 and 2012, the recoverable amount of goodwill has been determined based on fair value less cost to sell. We determine the fair value of goodwill after taking into account the results of a third party valuation as of a corresponding consolidated statement of financial position date. The valuation methodologies we apply are based on a combination of a market approach, an option pricing method and a probability weighted expected return method. No indicators of impairment were identified as of September 30, 2014.

The market approach was based on market multiples of comparable publicly traded companies in the same industry or similar lines of business. The multiples and values were then applied to our corresponding financial metrics, as well as used for input to the option pricing method. When calculating the fair value using the option pricing method we used a market-based back solve approach to determine the enterprise value as of May 31, 2011, the date of our last round of financing, and then added the incremental value we derive from the cash flows we anticipate from our collaboration partners.

Under the probability weighted expected return method, the values of the various equity securities were estimated based upon an analysis of future values, assuming various future outcomes. Share value is based upon the probability-weighted present value of expected future investment returns, considering each of the possible future outcomes available, as well as the rights of each share class.

We weighted the values for each of the approaches based on the quality of the information specific to each valuation approach and expected exit outcomes.

Useful Lives of Property, Plant and Equipment and Finite-Lived Intangible Assets

We review the estimated useful lives of property, plant and equipment and finite-lived intangible assets at the end of each reporting period.

Restatement of Previously Issued Consolidated Financial Statements

We filed our statutory annual report for the year ended December 31, 2013 with the Danish authorities on June 2, 2014, including our consolidated financial statements prepared under IFRS. Those consolidated financial statements did not appropriately reflect a tax charge for the fiscal year ended December 31, 2013. The tax calculation incorrectly assumed that certain tax losses carried forward could be fully offset against the taxable income earned in one of our subsidiaries. However, Danish tax law imposes limitations to the offsetting of tax losses against tax profits within each fiscal year, and accordingly, the taxable income could not be fully offset by the tax losses carried forward. As a result, an additional tax provision of €0.4 million has been recognized in our restated consolidated financial statements. See Note 1 to our consolidated financial statements for more information.

BUSINESS

Overview

We are a clinical stage biopharmaceutical company applying our TransCon technology to develop a pipeline of long-acting prodrug therapies with best-in-class profiles to address large markets with significant unmet medical needs. We are developing our lead product candidate, TransCon human growth hormone, or TransCon hGH, for once-weekly administration to treat growth hormone deficiency, or GHD, and other indications. We have successfully completed a Phase 2 study of TransCon hGH in adults with GHD and are currently conducting a six-month Phase 2 study in children with GHD. In December 2014, we reported positive interim six-month height velocity data from 25 patients, representing approximately 50% of the total enrollment in the study, completing all six months of treatment, and we expect to report topline data for all patients in this study in mid-2015. Using our TransCon technology, we have established a new paradigm that combines the benefits of conventional prodrug and sustained release technologies, and is broadly applicable to proteins, peptides and small molecules. In addition to TransCon hGH, we have developed a pipeline of long-acting prodrug product candidates such as TransCon Trepstinil for the treatment of pulmonary arterial hypertension, or PAH, currently in a Phase 1 clinical proof-of-concept study, TransCon Insulin, for the treatment of diabetes, partnered with Sanofi, and TransCon Ranibizumab, in the field of ophthalmology, partnered with Genentech.

GHD is a serious orphan disease that affects both children and adults. Children with GHD are characterized by short stature, metabolic abnormalities, cognitive deficiencies and poor quality of life. GHD in adults is associated with premature mortality, increased adiposity, or fat mass, as well as psychiatric-cognitive, cardiovascular, muscular, metabolic and skeletal abnormalities. Human growth hormone, or hGH, is used for the long-term treatment of children and adults that fail to secrete adequate amounts of endogenous growth hormone. According to Medtrack, global sales from currently marketed hGH products grew to over \$3 billion in 2013.

The use of recombinant hGH was introduced in 1981, and since then many of the world's largest pharmaceutical companies have developed and now market daily hGH injections as the current standard of care for the treatment of GHD. Despite the demonstrated benefits of hGH therapy, published studies have shown that the majority of patients on a daily hGH regimen are not fully compliant with their daily dosing schedule, which in pediatric patients has led to significant reductions in treatment outcomes. Since the 1990s, the pharmaceutical industry has employed various approaches to develop long-acting growth hormone products to reduce the patient burden of daily injections and increase patient compliance with the dosing regimen. To date, regulatory authorities have approved only two long-acting growth hormone products, each of which utilize unmodified growth hormone as the active drug substance. Neither of these products has achieved commercial success, due to manufacturing, regulatory, efficacy safety and/or tolerability reasons associated with the sustained release technology. To address the unmet medical needs of GHD, we are developing TransCon hGH for once-weekly administration. TransCon hGH is a prodrug that releases unmodified growth hormone and thus maintains the same mode of action as currently prescribed daily hGH therapies, which we believe reduces clinical and regulatory risk. If approved, TransCon hGH may reduce the burden of daily treatment by requiring significantly fewer injections, which may improve compliance and treatment outcomes.

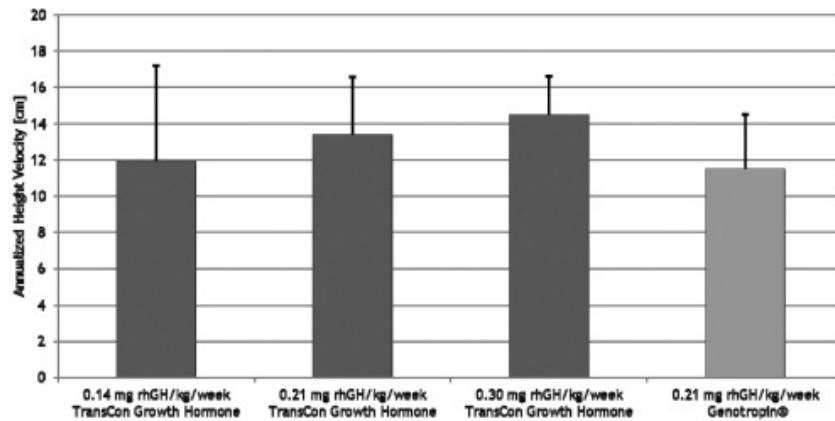
In order to achieve regulatory and commercial success, we believe that a new long-acting hGH product must provide a comparable safety, efficacy and tolerability profile to currently marketed daily hGH therapies. We have been developing TransCon hGH to provide patients, physicians, regulators, third-party payors and managed care administrators with a product profile that builds upon the longstanding and trusted use of currently approved daily hGH therapies, but in a dosage form that allows for once-weekly as opposed to daily injections. Key parameters of this profile include:

- Height velocity: First-year height velocity above 10 cm
- Mode of action: TransCon prodrug liberates unmodified hGH

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- Safety: IGF-I and hGH levels comparable to those achieved with daily hGH therapies
No nodule formation
No lipoatrophy
Immunogenic profile comparable to daily hGH therapy
- Tolerability: <1.0 mL per injection
30 gauge, or finer, needle
- Device: Convenient and easy-to-use

We are currently conducting a six-month Phase 2 pediatric study of TransCon hGH. In December 2014, we reported the results of an interim analysis consisting of 25 patients, representing approximately 50% of the total enrollment in the trial, completing six months of treatment. Mean annualized height velocities from the December 2014 interim analysis among the three dosing levels administered weekly ranged from 11.9 cm for the 0.14 mg/kg/week dose to 14.5 cm for the 0.30 mg/kg/week dose, which were comparable to 11.5 cm for the active comparator, daily injections of Genotropin® at a 0.21 mg/kg/week dose (dose levels converted to weekly dosing in the chart below).



Other key observations from the interim analysis include:

- there have been no reports of serious or unexpected adverse events;
- injection site reactions were generally mild and transient and occurred in only a few patients and there have been no observations of injection site nodule formation or lipoatrophy;
- maximum hGH blood concentration is comparable between equivalent weekly doses of TransCon hGH and daily hGH; and
- a dose-proportional increase in IGF-I levels was observed following dosing of the three TransCon hGH doses. Transient point values of IGF-I SDS > +2 have been observed in a small number of patients and only in the high-dose treatment arm.

We expect to report topline data for all patients in this study in mid-2015 and we believe a 505(b)(2) regulatory strategy would enable us to file an NDA with the FDA supported by a single Phase 3 study. We are also developing a pen device with Bang & Olufsen Medicom A/S for administration of TransCon hGH that is designed to be easy-to-use in the pediatric population and leverages proven technologies.

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We are also developing TransCon Treprostinil for the treatment of PAH, a life-threatening disease characterized by elevated blood pressure in the pulmonary arteries. According to Medtrack, the worldwide market for PAH treatment exceeded \$4 billion in 2013. Treprostinil, the active agent in Remodulin®, marketed by United Therapeutics, belongs to a class of drugs known as prostacyclins, and is the leading infused therapy for the treatment of PAH. TransCon Treprostinil is designed as a once-daily self-administered subcutaneous injection, offering the same efficacy as continuously infused prostacyclins with a safer and improved tolerability profile. TransCon Treprostinil is expected to offer significant advantages as compared to currently infused prostacyclin therapies, including minimizing injection site pain and the risk of bloodstream infection. In June 2014, the U.S. Food and Drug Administration, or the FDA, accepted an IND for TransCon Treprostinil. In January 2015, we initiated a Phase 1 clinical proof-of-concept study of TransCon Treprostinil and expect to report topline data in mid-2015.

In addition to our proprietary programs, we have formed multi-product collaborations with leading biopharmaceutical companies on market-leading products and in therapeutic categories of strategic importance to our collaboration partners. These collaborations are with Sanofi in the field of diabetes and with Genentech in the field of ophthalmology. As of September 30, 2014, we have received approximately €69 million of non-dilutive financing from collaboration partners for up-front technology licensing fees, assignment of certain intellectual property rights and for services rendered. Additionally, we are eligible to receive up to an aggregate of €200 million in development and regulatory milestone payments for products currently being developed under our collaboration agreements, as well as sales-based milestone payments and royalties on future net sales of products.

Our TransCon technology enables us to create long-acting prodrug therapies with potentially significant advantages over existing marketed drug products. Conventional prodrugs are inactive, or significantly less active, forms of a parent drug that are designed to be activated only after undergoing transformation in the body, for example when enzymes cleave the parent drug from a prodrug molecule. Our TransCon technology transiently links an unmodified parent drug to a TransCon carrier via our proprietary TransCon linkers. Our TransCon linkers predictably release an unmodified active parent drug at predetermined rates governed by physiological pH and temperature conditions, supporting administration frequencies from daily up to half-yearly. TransCon prodrugs may offer safety, efficacy and tolerability advantages over the original parent drug and as compared to other technologies used to extend drug residence time in the body. Depending upon the type of TransCon carrier we employ, we can design our TransCon prodrugs to act systemically or locally in areas that are difficult to treat with conventional therapies.

TransCon Product Candidate Pipeline

The table below depicts the current development status of our product candidates:

<u>Product Candidate</u>	<u>Primary Indication</u>	<u>Approved Parent Drug</u>	<u>Stage of Development</u>	<u>Market Size</u>	<u>Worldwide Commercial Rights</u>
TransCon Human Growth Hormone	Pediatric Growth hormone deficiency	✓	Phase 2 ongoing (Topline data expected mid-2015)	> \$3 billion	
TransCon Treprostinil	Adult Growth hormone deficiency Pulmonary Arterial Hypertension	✓	Phase 2 completed Phase 1 ongoing (Topline data expected mid-2015)	> \$1 billion	 
TransCon Insulin	Diabetes	✓	Preclinical safety completed	> \$7 billion	
TransCon Peptide			Preclinical	n/a	
TransCon Ranibizumab	Ophthalmology	✓	Preclinical	> \$5 billion	 <small>A Member of the Roche Group</small>

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When we apply our TransCon technology to already approved drug compounds, we may benefit from established clinical safety and efficacy data, which we believe reduces drug development risk and may allow us to utilize expedited approval pathways provided by the FDA and European regulatory authorities. Examples of regulatory strategies that may be available to us or our collaboration partners include the FDA's section 505(b)(2) regulatory approval pathway, which was established to allow companies developing drug products to obtain approval by relying in part on studies of safety and effectiveness that were not conducted by or for the applicant. Because approval can rest in part on data already accepted by the FDA or otherwise available in the public domain, fewer and smaller studies may be required, thus mitigating costs and shortening development time. Section 505(b)(2) filings can provide expedited approval for a wide range of products, especially for those that represent a limited change from an existing or approved drug, including prodrugs of already approved parent drugs. We plan to pursue a 505(b)(2) regulatory strategy for TransCon hGH. If successful in this strategy, it is possible that a single Phase 3 clinical study utilizing the active comparator Genotropin[®], could support our NDA submission to the FDA for its review of TransCon hGH for pediatric GHD and other indications.

We maintain an intellectual property portfolio comprising approximately 36 issued patents and approximately 165 patent applications as of December 31, 2014, with claims directed to composition of matter, process, formulation and/or methods-of-use for our product candidates and core TransCon technology. In addition, each of our collaboration partners has granted us rights that enable us to freely commercialize all improvements to the TransCon technology developed by our collaboration partners outside of the field identified in their respective collaboration agreements. We hold worldwide rights to our TransCon technology and have no third-party royalty or milestone payment obligations with respect to our TransCon technology or any of our product candidates. While our TransCon prodrugs may incorporate already approved parent drugs, each of our product candidates is a new molecular entity and is therefore eligible to be granted new intellectual property rights, including new composition of matter patents.

Our Strategy

Our goal is to leverage our TransCon technology to create a pipeline of proprietary products and form collaborations with market-leading biopharmaceutical companies to develop new products that incorporate our TransCon technology in therapeutic areas that are of strategic importance.

Key elements of our strategy to achieve this goal include:

- *Leverage our TransCon technology to create a pipeline of new product candidates with best-in-class therapeutic profiles in large markets:* Our goal is to create a robust pipeline of innovative, best-in-class therapeutics that capitalize upon the unique advantages of our TransCon technology. We intend to develop new TransCon-based product candidates in multi-billion dollar markets where we believe we can meaningfully improve the existing standard of care. We believe the interim data from our ongoing Phase 2 pediatric study of TransCon hGH supports our ability to develop a best-in-class therapeutic for treatment of GHD.
- *Complete the clinical development of TransCon hGH to support regulatory approval for the treatment of GHD and other indications:* We have successfully completed a Phase 2 study of TransCon hGH in adults with GHD and are currently conducting a six-month Phase 2 study in children with GHD. In December 2014, we reported positive six-month height velocity data from 25 patients, or approximately 50% of the expected enrollment in the Phase 2 pediatric study, and we expect to report topline data for all patients in this study in mid-2015. After completion of our Phase 2 pediatric study, we plan to schedule an End of Phase 2 meeting with the FDA and the EMA. Depending on feedback we may receive during an End of Phase 2 meeting with the FDA and the EMA, we intend to initiate a Phase 3 pivotal trial of TransCon hGH in mid-2016.
- *Continue to establish strategic collaborations with market-leading biopharmaceutical companies:* We intend to enter into additional collaborations with market-leading biopharmaceutical companies

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to develop and commercialize products in therapeutic categories of strategic importance to our collaborators. We will seek opportunities to structure our collaborations in ways that allow us to retain development and commercialization rights in key specialty markets where we can maintain a focused sales force. We expect our collaborations to provide substantial up-front technology licensing fees, development milestone payments and/or royalties, and reimburse us for the time we spend assisting them with research and development activities. This reduces our dependence on the financial markets to fund on-going operations and our development programs.

- *Pursue expedited regulatory pathways:* We intend to pursue the fastest feasible pathways to approval for our portfolio of product candidates. Because our TransCon technology enables the sustained release of an unmodified parent drug with established clinical safety, efficacy and tolerability, we believe, in many cases, that we will be in a position to pursue an expedited clinical development and regulatory approval pathway as compared to the development of traditional new molecular entities. These may include the Section 505(b)(2) approval pathway in the United States and similar pathways in non-U.S. markets, which pathway allows us to rely in part on studies of safety and effectiveness that were not conducted by us or on our behalf.
- *Strengthen our leadership position in the field of long-acting prodrug technology:* We believe that our deep experience base in developing TransCon-based product candidates establishes us as the leader in long-acting prodrug technology, and we intend to further strengthen this leadership position through investment in our TransCon technology, new technologies, our lab, clinical and commercial scale manufacturing capabilities and our methods and know-how. In partnership with our collaborators, we have developed a powerful and integrated set of capabilities that are critical to our ability to rapidly and efficiently develop, optimize and scale-up manufacturing for new TransCon-based product candidates. In addition, each of our collaboration partners has granted us rights that enable us to freely commercialize all improvements to the TransCon technology developed by our collaboration partners outside of the field identified in their respective collaboration agreements.

TransCon Technology

Overview: Prodrugs and Technologies to Extend Drug Exposure

Many drugs suffer from suboptimal pharmacokinetics, short residence time in the body, poor tolerability at the administration site and/or systemic side effects that result from initial drug concentrations that are too high. Frequent administration and poor tolerability negatively impact patient compliance, potentially leading to suboptimal treatment outcomes. To address these issues, several approaches are currently applied to improve drug characteristics, such as prodrug and sustained release technologies.

A prodrug is an inactive or significantly less active form of a parent drug, and prodrug technology has been used to improve drug characteristics such as absorption, distribution, metabolism and excretion. Prodrugs require transformation into the active drug after administration to the patient. Conventional prodrug technologies rely upon metabolic processes, such as enzymatic conversion or spontaneous hydrolysis, to release the active drug. These technologies do not facilitate predictable release of the parent drug or provide for an extended duration of action. Metabolic conversion of prodrugs may differ between patients, and even within different tissues within the same patient, and spontaneous hydrolysis is generally a rapidly occurring process which may result in a release of high concentrations of the active drug.

Several technologies have been developed to extend drug exposure, including technologies that permanently modify the drug molecule. Protein enlargement technologies, such as permanent PEGylation and protein fusion, work by enlarging the size of a drug molecule, which reduces the body's ability to excrete the analog and thereby extends duration of action. As the analog resulting from these technologies is no longer

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identical to the parent drug, it may have a different mode of action within the body that can lead to altered safety and efficacy outcomes. Generally, the half-life extension achievable with protein enlargement technologies extends up to two weeks.

Similarly, modification of drug molecules with fatty acids can facilitate binding to albumin, a naturally occurring protein, which delays excretion of the drug-fatty acid derivative and imparts an extended half-life as compared to the unmodified drug. This approach has been applied to create approved drugs with daily administration profiles. Published data from development stage compounds suggest that once-weekly dosing profiles for peptides can be achieved, but less sustained half-life extension is achieved when applied to proteins.

Encapsulation is a different approach to extending drug exposure without altering or modifying the structure of the parent drug, thus maintaining the parent drug's original mode of action. The parent drug is encapsulated in an inactive polymer matrix, which releases the unmodified drug both by diffusion through the polymer matrix and by biodegradation of the polymer itself. Drug release from encapsulated drug depots generally occurs in multiple phases and is characterized by a rapid burst release followed by a period of slower drug release. The initial high drug levels from the burst release may be associated with a higher risk of side effects. In addition, the polymers used for encapsulation are frequently associated with adverse reactions at the injection site, which may negatively affect tolerability. Furthermore, encapsulation approaches are known to activate the immune system, causing an antibody response to proteins and peptides formulated with these technologies.

Our TransCon Technology

Our TransCon technology is designed to solve the fundamental limitations of previous approaches applied to extend duration of a drug's action in the body, and to enhance the overall benefit of a given therapeutic. Our TransCon technology establishes a new paradigm that combines the benefits of conventional prodrug and sustained release technologies, and is broadly applicable to proteins, peptides and small molecules. TransCon prodrugs predictably release unmodified active parent drugs and may offer advantages that include superior efficacy, safety, tolerability and compliance, including less frequent dosing and the ability to switch patients to subcutaneous injections from burdensome continuous infusions and less frequent dosing.

Our TransCon technology is differentiated in that it enables us to design long-acting prodrugs that predictably release an unmodified active parent drug. Our TransCon linkers predictably release an unmodified active parent drug at predetermined rates governed by physiological pH and temperature conditions, supporting administration frequencies from daily up to half-yearly. TransCon prodrugs may offer safety, efficacy and tolerability advantages over the original parent drug and as compared to other technologies used to extend drug residence time in the body. Depending upon the type of TransCon carrier we employ, we can design our TransCon prodrugs to act systemically or locally in areas that are difficult to treat with conventional therapies. In addition to retaining the original mode of action of the unmodified parent drug, we believe this predictable release may improve the likelihood of clinical development success.

Advantages of our TransCon technology

We believe that our TransCon technology enables multiple therapeutic, drug development, regulatory and intellectual property benefits:

Efficacy

- Predictable release of unmodified parent drug supporting daily to half-yearly administration
- Enables localized or systemic drug exposure
- Reduces dosing frequency to improve patient compliance and improve overall treatment outcome

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Safety and Tolerability

- Same mode of action as parent drug
- Minimizes injection site reactions
- Enables switch from continuous infusions to daily or less frequent subcutaneous injections
- Immunogenic potential, or the ability of a substance to provoke an immune response, comparable to parent drug

Development and Regulatory

- Higher development success rate when incorporating approved parent drug
- May qualify for 505(b)(2) or similar non-U.S. approval pathways

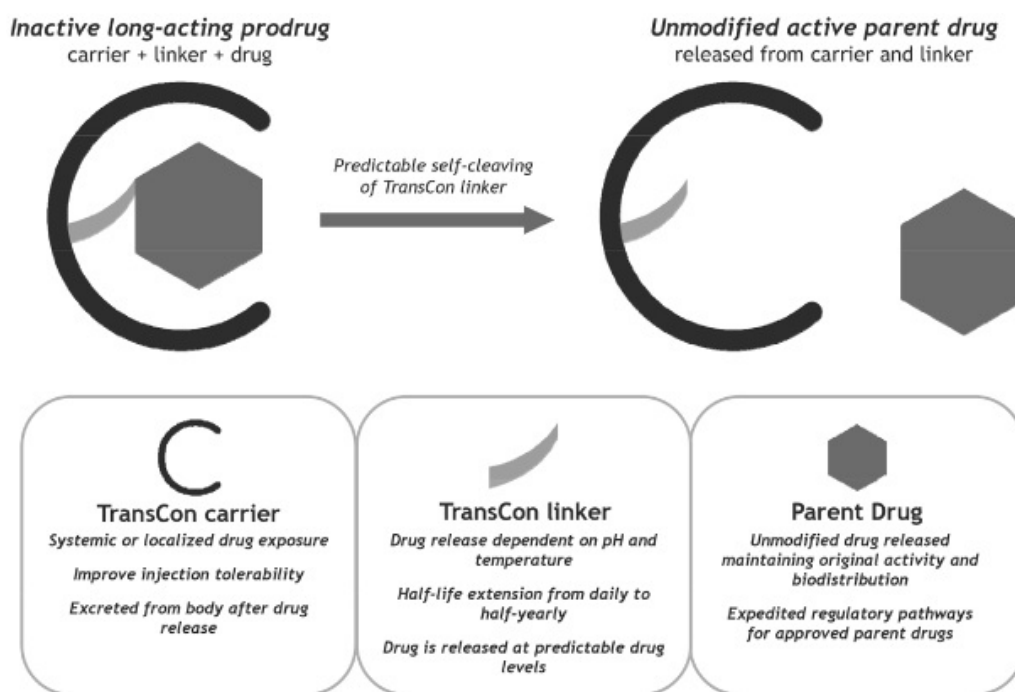
Intellectual Property

- New composition of matter patents

Technology Overview

Our TransCon prodrug product candidates consist of three components: the TransCon carrier, the TransCon linker and a parent drug.

Our TransCon carriers can be selected from our soluble or hydrogel carrier platforms. These carriers inactivate and protect the parent drug through a shielding effect, which prevents rapid excretion and degradation of the parent drug. The parent drug is connected to the carrier via the TransCon linker, which is designed to release the drug at a predictable and predetermined rate, enabling release of unmodified active parent drug with up to half-yearly administration. The TransCon linker is designed to remain attached to the TransCon carrier after release of the parent drug. Our broad selection of TransCon linkers, in combination with our soluble carriers and microparticle carriers, provides us with a powerful and flexible technology that we leverage to design best-in-class therapeutics aimed at multi-billion dollar markets. The broad applicability of the TransCon technology is reflected by the fact that our pipeline contains long-acting prodrugs incorporating proteins, peptides and small molecules.



TransCon Linkers

Our TransCon linkers are reversible linkers that enable the transient conjugation of a broad range of therapeutics, including proteins, peptides and small molecules, to our TransCon carriers. We have a large library of TransCon linkers that are applicable to various types of parent drugs, and that can be tailored to achieve half-life extension enabling daily, weekly, monthly and half-yearly dosing. TransCon linkers are self-cleaving through a process called intra-molecular assisted cleavage, which causes the linker to release the unmodified parent drug. We can tailor the release properties of the linker to a given therapeutic indication and parent drug by modifying the linker structures. We believe the self-cleaving process of our linker avoids many of the shortcomings of conventional prodrug technologies, which often depend on metabolic processes, such as enzymatic degradation, to convert the prodrug into the active drug. The rate of metabolic conversion of prodrugs in these types of processes may differ between patients, and even within different tissues in the same patient. As a result, conventional prodrugs do not offer predictable release of the parent drug. Our TransCon linkers predictably release an unmodified active parent drug at predetermined rates governed by physiological pH and temperature conditions, which are tightly regulated in the body. Consequently, we can design our linkers to release the drug at predictable rates.

TransCon Carriers

Our TransCon technology incorporates two carrier platforms that can be used for providing localized or systemic drug exposure. These biocompatible carrier platforms include our TransCon soluble carriers and our proprietary TransCon hydrogel carrier, which is a self-eliminating hydrogel. Our carriers inactivate and protect the drug through a shielding effect, which prevents rapid excretion and degradation of the parent drug, and may enable benefits that include improved injection site tolerability, reduced systemic adverse effects and low immunogenicity.

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- Our TransCon soluble carriers are used for providing systemic drug exposure and are based on soluble compounds such as polyethylene glycol, or PEG, or other natural or synthetic polymers. Prodrugs created using our soluble carriers are readily absorbed into the bloodstream after administration, thus minimizing exposure of the subcutaneous tissue to active drug, which we believe may improve injection site tolerability. Our most advanced product candidates, TransCon hGH and TransCon Treprostinil, utilize PEG as a carrier molecule. PEG is widely used to alter the pharmacokinetic or pharmacodynamic properties of marketed therapeutics.
- Our TransCon hydrogel carriers are being developed to provide either localized or systemic drug exposure. Our proprietary TransCon hydrogel is designed to be biocompatible and self-eliminating, and consists of microparticles that allow for highly efficient drug loading into the hydrogel via our TransCon linkers. The TransCon hydrogel is pre-formed and subsequently loaded with the parent drug, which can prevent adverse modification of the drug during manufacturing of the hydrogel. This process is proprietary, and we believe our granted patents prevent our competitors from creating prodrugs based on preformed hydrogels. Our current TransCon hydrogels are PEG-based and we are developing hydrogels based on hyaluronic acid and other biopolymers. Our TransCon hydrogel is designed to self-eliminate to soluble, biocompatible molecules after the drug payload has been released. We and our collaboration partners are developing the TransCon hydrogel in both systemic and localized drug delivery applications. For example, our TransCon hydrogel is being utilized by Sanofi for systemic delivery in the TransCon Insulin program.

Parent drug

Our TransCon technology is applicable across a broad range of therapeutic classes, and is currently used to create superior long-acting product candidates based on proteins, peptides and small molecules. By primarily focusing on biological targets that have been clinically validated, we can leverage available knowledge regarding a target's activity. Based on this selective approach, we know what drug levels must be maintained in the body for optimal efficacy and safety, and we can design the release half-life of our TransCon prodrugs to maintain these levels to achieve the desired pharmacological effect. We move a product candidate into development after it demonstrates a superior profile to such medicines or drugs in animal models that we believe correlate to human clinical experience. Furthermore, based on the established translational relationships between preclinical animal models and clinical efficacy, we believe experimental results generated in validated animal models are highly predictive of clinical results and reduce the development risk of our TransCon prodrugs. This strategy is designed to reduce risk and increase productivity.

This approach has enabled us to generate a pipeline of product candidates to address significant unmet medical needs and to become potential sources of significant revenue for our company. Because our TransCon technology releases an unmodified drug with established clinical safety and efficacy, we believe we may benefit from a higher development and regulatory success rate as compared to development of drug compounds without established clinical data.

TransCon Product Candidates

TransCon human Growth Hormone (hGH)

Our lead product candidate is TransCon human Growth Hormone, or TransCon hGH, for the treatment of growth hormone deficiency, or GHD. Leading products for the treatment of GHD require that patients, the majority of whom are children, receive daily injections over many years. The burden of daily administration often results in poor patient compliance, potentially leading to suboptimal treatment outcomes. Despite this, global annual sales from currently marketed hGH products grew to over \$3 billion in 2013 according to Medtrack. We are developing TransCon hGH as a prodrug with once-weekly administration that releases unmodified growth hormone, maintaining the same mode of action as daily hGH therapies. Clinical studies of

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TransCon hGH have demonstrated a comparable efficacy, safety, tolerability and immunogenic profile to that of daily growth hormone. If approved, TransCon hGH may reduce the burden of daily treatment by requiring significantly fewer injections, which may improve compliance and treatment outcomes. We have successfully completed a Phase 2 study of TransCon hGH in adults with GHD and have fully enrolled our ongoing six-month Phase 2 study in children with GHD. In this Phase 2 study, we are measuring height velocity, an efficacy measure that refers to the mean height change of the individuals in a group over a specified time period. In December 2014, we reported positive interim six-month height velocity data from 25 patients, representing approximately 50% of the total enrollment in the study, completing all six months of treatment, and we expect to report topline data for all patients in this study in mid-2015. After completion of our Phase 2 pediatric study, we plan to schedule an End of Phase 2 meeting with the FDA and the EMA, and then initiate a Phase 3 study in growth hormone deficient children in mid-2016. In addition, we are developing a pen device with Bang & Olufsen Medicom A/S for administration of TransCon hGH that is designed to be easy-to-use in the pediatric population and leverages proven technologies.

Overview of Growth Hormone Deficiency

GHD is a serious orphan disease that affects both children and adults. Children with GHD are characterized by short stature, metabolic abnormalities, cognitive deficiencies and poor quality of life. GHD in adults is associated with premature mortality, increased adiposity, or fat mass, as well as psychiatric-cognitive, cardiovascular, muscular, metabolic and skeletal abnormalities. Due to its small size, hGH distributes throughout the body, where it acts directly on organs and tissue. Through interaction with the GH receptors, which are present in virtually every tissue, hGH stimulates the production of IGF-I, or insulin-like growth factor I. IGF-I amplifies the anabolic effects of hGH, but has insulin-like effects in fat tissue, thus stimulating fat formation. This is in contrast to hGH which stimulates the breakdown of fat. hGH is used for the long-term treatment of children and adults that fail to secrete adequate amounts of endogenous growth hormone. Daily hGH therapies have been shown to increase growth and improve metabolic effects, including reducing adiposity and improving cardiovascular health. These therapies have been shown to be safe, well-tolerated and essentially pain-free upon injection. Compliant GHD children initially achieve “catch-up growth,” enabling patients to approach or achieve normal height on a standard growth curve. Height velocity following the “catch-up” period normalizes, permitting the patients to maintain normal growth throughout the course of treatment. Patients that are non-compliant generally achieve lower “catch-up growth” and fail to achieve expected treatment outcomes. Primary indications for hGH in children are GHD, idiopathic short stature, kidney disease, Prader-Willi Syndrome and Turner’s syndrome. In adults, primary indications for hGH include GHD and AIDS-induced weight loss.

The use of hGH was introduced in 1981, and since then many of the world’s largest pharmaceutical companies have developed and now market daily growth hormone injections. Since the 1990s, the pharmaceutical industry has employed various approaches to develop long-acting growth hormone products to reduce the patient burden of daily injections and increase patient compliance with the dosing regimen. To date, regulatory authorities have approved only two long-acting growth hormone products, each of which utilize unmodified growth hormone as the active drug substance. Neither of these products has achieved commercial success, due to manufacturing, regulatory, efficacy, safety and/or tolerability reasons.

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After more than thirty years of collective industry experience with growth hormone development and commercialization, we believe that a clear set of product attributes has emerged as being necessary for clinical, regulatory and commercial success. We are developing TransCon hGH as a once-weekly therapy with a target profile designed to match that of daily growth hormone therapies on key parameters, including:

- Height velocity: First-year height velocity above 10 cm
- Mode of action: TransCon prodrug liberates unmodified hGH
- Safety: IGF-I and hGH levels comparable to those achieved with daily hGH therapies
No nodule formation
No lipotrophy
Immunogenic profile comparable to daily hGH therapy
- Tolerability: <1.0 mL per injection
30 gauge, or finer, needle
- Device: Convenient and easy-to-use

Market Opportunity

According to Medtrack, global annual sales from currently marketed daily hGH injections grew to over \$3 billion in 2013. We believe a significant market opportunity exists for a long-acting version of hGH with comparable efficacy, safety and tolerability as daily growth hormone products.

The current standard of care for GHD is daily subcutaneous injections of hGH. All currently marketed hGH products in the United States, Norditropin® (Novo Nordisk A/S), Humatrope® (Eli Lilly and Company), Nutropin AQ® (Genentech), Genotropin® (Pfizer Inc.), Saizen® (Merck Serono S.A.), Tev-Tropin® (Teva Pharmaceuticals) and Omnitrope® (Sandoz GmbH), contain unmodified hGH and are administered by daily subcutaneous injections. The global market for daily hGH products is dominated by Novo Nordisk, Pfizer, Eli Lilly, Sandoz, Merck KGaA and Roche, which together account for approximately 95% of global market share.

Pediatric indications comprise up to 90% of the total hGH market, of which approximately half is for GHD. Patients treated with daily hGH typically receive thousands of injections over the course of many years. Growth hormone deficient children who are fully compliant with their daily treatment regimen may achieve a height in adulthood that is comparable to that of their family members and national norms. In therapy-compliant adults with GHD, daily subcutaneous injections of hGH have resulted in improved body composition parameters, bone density, cardiovascular outcomes and quality of life.

Despite the demonstrated benefits of hGH therapy, published studies have shown that the majority of patients on a daily hGH regimen are not fully compliant with their daily dosing schedule, and therefore fail to achieve expected treatment outcomes. For example, in a study published in PLOS One, in 2011, 66% of the patients missed more than one injection on average per week, leading to significant reductions in the degree of growth in pediatric patients. Reducing injection frequency is associated with better compliance and may improve height velocity for patients experiencing poor compliance with daily injections.

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As shown in the figure below, for patients missing two or more injections per week there was a clinically relevant reduction in their change in height velocity standard deviation score, or HVSDS, compared to high-compliance patients. A greater HVSDS indicates more rapid growth:

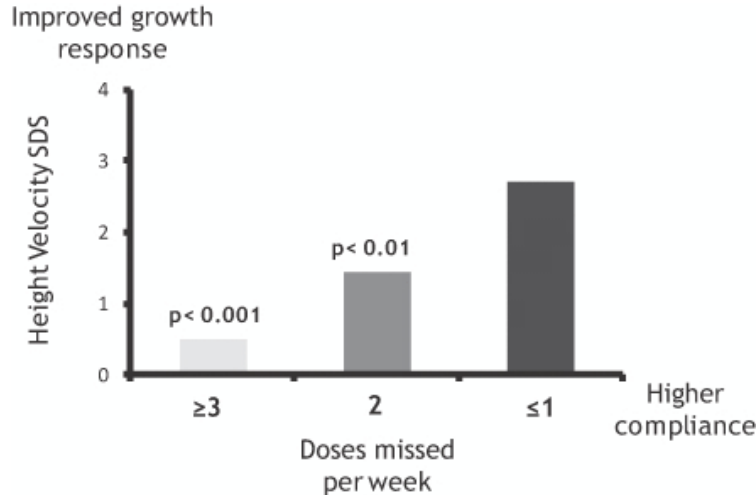


Figure 1. Negative impact of poor compliance on growth response. Patients missing two or more injections per week have a statistically significant reduction in height velocity. A result is considered statistically significant when the p-value, representing the probability that random chance could explain the result, is lower than 0.05.

Limitations of Technologies Being Employed to Develop Long-acting hGH and hGH Analogs

Other companies are working on long-acting hGH or hGH analogs using technologies that generally fall into two categories: encapsulation and permanent hGH modification.

Encapsulation technologies

Encapsulation technologies have been applied to the only two long-acting hGH products to receive regulatory approval, Nutropin Depot®, formerly marketed by Genentech and Somatropin Biopartners developed by LG Life Sciences and Biopartners GmbH. In these formulations, unmodified growth hormone is released both by diffusion through the encapsulation polymer surrounding the growth hormone, and by biodegradation of the polymer. These products are associated with nodule formation, erythema, or redness of skin, itching, bruising, as well as pain during and after injection. In addition, high levels of antidrug antibodies have been observed following administration of these drugs to patients. We believe that the lack of market acceptance is a result of the various safety and tolerability issues that tend to arise with encapsulation technologies.

Modified growth hormone analogs

Modification technologies prolong growth hormone activity in the body by creating analogs of growth hormone through permanent modification of the growth hormone molecule. This modification may alter the molecular size and interaction with the growth hormone receptor and/ or change the natural association affinity to endogenous proteins, thereby reducing the body's ability to excrete the analog. We believe that these changes may alter the mode of action and distribution of modified growth hormone analogs into key growth hormone responsive tissues, such as brain, bone, muscle and fat, compared to unmodified growth hormone. These changes

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may alter and reduce the efficacy of these drugs compared to unmodified daily growth hormone and may also negatively impact the drug's safety. For instance, a modified growth hormone previously being developed by Pfizer was discontinued due to lipoatrophy, a condition of localized loss of fat tissue that can cause undesirable skin deformations, at the injection site following repeated administration in adult patients with GHD.

Previous attempts to develop a long-acting hGH by utilizing permanent modification of growth hormone have failed due to regulatory, safety, efficacy and manufacturing hurdles.

There are currently no long-acting growth hormone treatment options available in the United States or Europe. GeneScience Pharmaceuticals Co., Ltd., Hanmi Pharmaceutical, Novo Nordisk A/S, OPKO Health, Inc., Teva Pharmaceutical Industries Ltd. and Versartis, Inc. are developing long-acting growth hormone analogs based on permanent modification of growth hormone. In particular, we are aware that certain of these competitors have reported annualized height velocities ranging from 8.7 cm for a bi-weekly dosing frequency to 12.2-13.6 cm for a weekly dosing frequency.

Based on publicly available data for these product candidates, we believe that TransCon hGH may have comparative benefits. In particular, each of these permanently modified growth hormone product candidates are administered as a bolus injection, and our analysis of public data indicates that the initial blood concentration of growth hormone for these products exceeds levels typically observed following administration of daily growth hormone. We believe that TransCon hGH may have a more favorable safety profile because it results in growth hormone levels comparable to daily growth hormone. We also believe that it may not be possible to administer drug in less than 1 mL per injection for all GHD children with a dosing frequency of once every two weeks.

In addition to the currently approved and marketed daily growth hormone therapies, there are a variety of experimental growth hormone therapies in different stages of clinical development by various companies, including Althea Technologies, Inc., Bioton S.A., Critical Pharmaceuticals, Ltd., Dong-A Pharmaceutical, and all of the global and regional pharmaceutical companies with existing growth hormone franchises.

Our Solution: TransCon hGH

TransCon hGH is a novel long-acting prodrug of hGH that maintains the same mode of action as daily hGH therapies. In addition, clinical studies of TransCon hGH have demonstrated an efficacy, safety, tolerability and immunogenic profile that is comparable to that of daily growth hormone. TransCon hGH addresses the highest priority unmet medical need in growth hormone therapy by reducing the number of injections patients require, while leveraging the safety and efficacy data base that has been established with unmodified daily hGH products.

TransCon hGH is essentially inactive when administered. This improves injection site tolerability compared to other long-acting growth hormone products. Full activity of the parent growth hormone is restored when unmodified growth hormone is released from the prodrug. As long as the growth hormone is in the prodrug form, elimination from the body is minimized, ensuring a long half-life. The TransCon linker releases the unmodified growth hormone in a self-cleaving process that relies on physiological pH and temperature conditions, ensuring the predictable release of growth hormone and enabling a once-weekly dosing regimen. We have conducted biopotency assays and generated mass spectrometry profiles demonstrating that the bioactivity and structure of growth hormone released from TransCon hGH is comparable to the growth hormone in marketed growth hormone products administered as daily injections. As such, we expect our once-weekly TransCon hGH to have the same mode of action and distribution into key growth hormone-responsive tissues, such as brain, bone, muscle, liver and fat tissue, as the hGH administered from daily injections and endogenous growth hormone. We use daily growth hormone as an active comparator in our clinical studies, allowing us to directly compare the activity of TransCon hGH to daily growth hormone in an identical clinical setting.

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The primary measure of efficacy in our completed clinical studies was the temporal profiling of circulating plasma concentrations of insulin-like growth factor-I, or IGF-I. IGF-I is a well-established pharmacodynamic surrogate endpoint of hGH activity, and we have demonstrated that once-weekly administration of TransCon hGH results in IGF-I levels that are comparable to daily hGH when administered at an equivalent dose.

Clinical Development of Once-weekly TransCon hGH

Phase 1 ascending single-dose study in healthy adult volunteers

We initiated clinical development of once-weekly TransCon hGH in November 2009. In June 2010, we reported the successful completion of a single-center, double-blind, randomized, placebo and active controlled dose-ascending Phase 1 study of once-weekly TransCon hGH in 44 healthy adult volunteers in Canada. The study demonstrated a comparable IGF-I response, the primary biomarker of growth hormone efficacy, following a single administration of TransCon hGH versus seven daily injections of hGH, at comparable dose levels. We believe that the Phase 1 data also demonstrated that TransCon hGH was well-tolerated with a safety profile, including immunogenic potential and injection site reactions, that was comparable to that of daily injections of hGH over the course of the study.

Phase 1 single-dose study in healthy adult volunteers

In June 2012, we conducted a Phase 1 single-dose study of TransCon hGH for once-weekly administration. This trial continued for one week following the initial injection and included 24 healthy adult male and female volunteers, with testing dose levels up to 0.36 mg hGH/kg/week. We believe the safety profile observed in this Phase 1 study provides the foundation for studies in children with GHD, as this hGH dose is higher than the pediatric GHD doses generally used in Europe (0.21 mg hGH/kg/week) and in the United States (0.30 mg hGH/kg/week).

Phase 2 multi-dose study in adult patients

In September 2011, we reported data following the completion of a Phase 2 European, multi-center, multiple dose, open-label, active-controlled, study to examine the safety, tolerability, pharmacokinetics and pharmacodynamics in 37 adult male and female patients with GHD.

In this study, serum levels of free hGH and TransCon hGH increased proportionally with the administered dose. The maximum serum concentration of hGH released from TransCon hGH was comparable to the levels achieved by the corresponding amount of hGH given as daily injections. The hGH profiles during Week 4 following weekly subcutaneous administration of TransCon hGH or daily subcutaneous administration of Omnitrope® (0.006 mg hGH/kg/day, equivalent to 0.04 mg hGH/kg/week) demonstrated good dose proportionality between TransCon hGH dose groups, with peak serum concentrations of hGH being comparable between dose matched TransCon hGH and daily hGH (0.04 mg hGH/kg/week).

TransCon hGH also elicited an IGF-I response that was similar to the IGF-I response of the same cumulative dose of hGH administered as daily injections over a week. Importantly, the IGF-I response at Week 1 and Week 4 were similar and without significant accumulation.

In addition to demonstrating similar maximum hGH and resulting IGF-I concentrations when administered at the same cumulative weekly dose, the exposure to hGH and IGF-I over one week, as judged by AUC, or Area-Under-the-Curve, was similar between TransCon hGH and daily hGH.

In this study, adverse events were comparable to the incidence and type generally expected when hGH is administered to adults with GHD. Only mild and transient injection site reactions were observed across all treatment groups with no difference between treatment groups, including daily hGH.

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No treatment-emergent anti-hGH antibody formation was observed during this multiple-dose study. Importantly, we did not observe any injection site lipoatrophy following repeated injections of TransCon hGH. We believe the pharmacokinetic and pharmacodynamic data gathered in our Phase 2 multi-dose study in adult patients supports the desired once-weekly dosing regimen and confirms the favorable safety profile of TransCon hGH previously observed in Phase 1 studies.

Phase 2 study in pediatric patients with GHD

In September 2013, we initiated a Phase 2 pediatric study to investigate safety, tolerability, pharmacokinetics, pharmacodynamics and efficacy of TransCon hGH in 53 treatment-naïve pre-pubertal patients with GHD. The fully enrolled Phase 2 pediatric study has enrolled patients from across Europe and North Africa who meet internationally recognized criteria for GHD, including short stature as measured by height and height velocity, two hGH stimulation tests, a bone age evaluation, and IGF-I levels below -1 standard deviation score, or SDS. Published data from clinical trials of growth hormone and growth hormone analogs suggests that our Phase 2 pediatric study patient demographics are comparable to U.S. and E.U. studies of daily and long-acting growth hormone products. The Phase 2 pediatric study is a six-month multi-center, randomized, open-label study comparing three dose-levels of TransCon hGH administered once per week (at doses of 0.14, 0.21 and 0.30 mg hGH/kg/week), against an active control group comprising Genotropin® (0.21 mg hGH/kg/week), administered once per day for seven days. The primary efficacy endpoint is annualized mean height velocity at six months.

In December 2014, we reported data from an interim analysis of our on-going Phase 2 pediatric study. These data consisted of 25 patients, representing approximately 50% of the total enrollment in the study. Mean annualized height velocities from this analysis among the three dosing levels administered weekly ranged from 11.9 cm for the 0.14 mg/kg/week dose to 14.5 cm for the 0.30 mg/kg/week dose, which were comparable to 11.5 cm for the active comparator, daily injections of Genotropin® at a 0.21 mg/kg/week dose. All three dose levels were comparable to the active comparator, daily injections of Genotropin®.

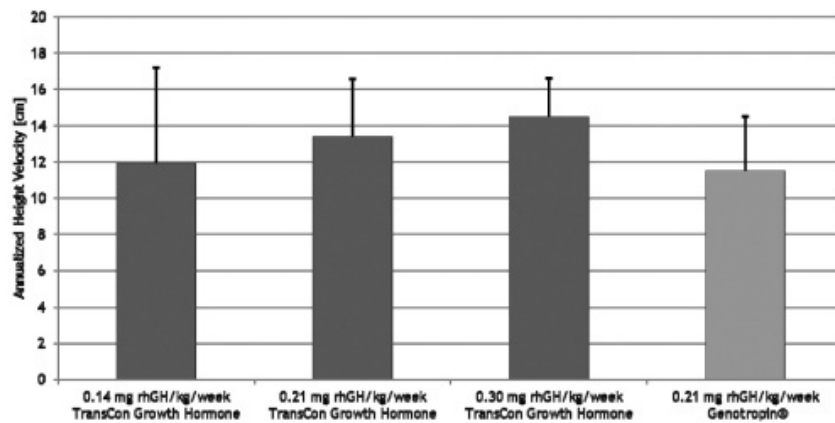


Figure 2. Annualized six-month height velocity for $n=25$ patients, approximately 50% of the Phase 2 pediatric study enrollment, of three dose-levels of TransCon hGH administered once per week (at doses of 0.14, 0.21 and 0.30 mg hGH/kg/week), against an active control group comprising Genotropin® (0.21 mg hGH/kg/week), administered as injections once per day (0.03 mg hGH/kg) for seven days.

The Phase 2 pediatric study profiled IGF-I levels, the primary biomarker for GHD, during week 13. This profile demonstrated a dose-proportionality in IGF-I levels between the three TransCon hGH doses. The normal range for IGF-I in children varies with age, so IGF-I levels are expressed as IGF-I standard deviation scores, or IGF-I SDS, which enables the comparison of IGF-I responses for children across age ranges. The normal range is defined as IGF-I SDS between -2 and +2 SDS. The mean IGF-I response for all TransCon hGH dose levels were

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maintained in the normal range. Transient point values of IGF-I SDS > +2 were observed in a small number of patients and only in the high-dose treatment arm. These results are consistent with published data evaluating the effects of comparable doses of daily hGH on IGF-I. There were no reports of safety issues in connection with these transient elevations.

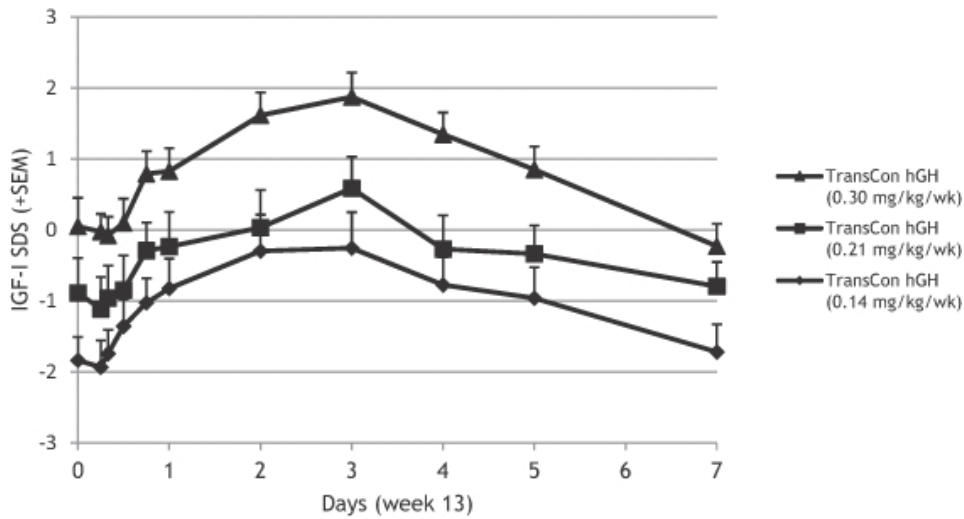


Figure 3. IGF-I profiles during Week 13 following weekly subcutaneous administration of TransCon hGH (at doses of 0.14 mg, 0.21 mg and 0.30 mg hGH/kg/week). Dose dependent IGF-I response observed. Error bars +Standard Error of the Mean. n=25, approximately 50% of the Phase 2 pediatric study enrollment.

The Phase 2 pediatric study measured blood levels of hGH released from TransCon hGH and daily hGH during week 13. Consistent with previous clinical studies of TransCon hGH, this profile demonstrated a dose-proportional increase in unmodified growth hormone following administration of the three dose levels of TransCon hGH, and, as illustrated in Figure 4, the maximum blood concentration of unmodified hGH released from TransCon hGH was comparable to the levels achieved by the corresponding amount of hGH given as daily injections.

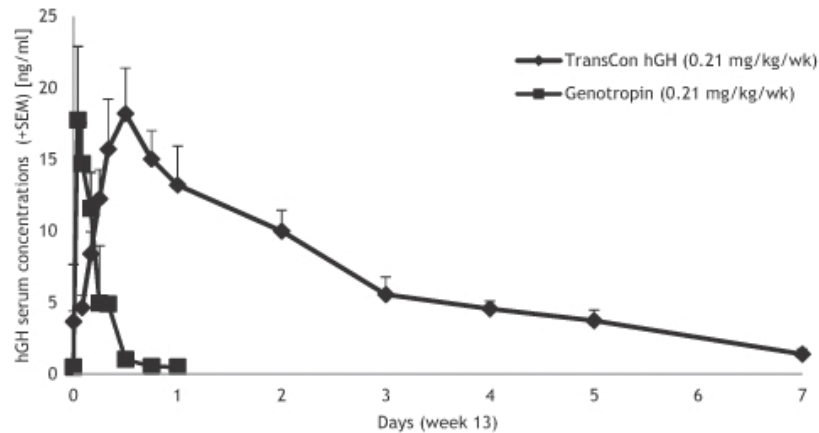


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Figure 4. hGH profiles during Week 13 following weekly subcutaneous administration of TransCon hGH (0.21 mg hGH/kg/week) or daily subcutaneous administration of Genotropin® (0.21 mg hGH/kg/week). Error bars +Standard Error of the Mean; n=25, approximately 50% of the Phase 2 pediatric study enrollment.

The annualized height velocity reported from the December 2014 interim analysis compares favorably in a cross-study comparison with the height velocity reported in a large pharmaco-epidemiological survey known as KIGS—Pfizer International Growth Database. KIGS is a registry that measures real-world outcomes from daily growth hormone therapy, which includes the negative effect of non-compliance on treatment outcomes. We believe that once-weekly TransCon hGH will reduce the burden of daily injections, improving patient compliance and thereby potentially improving treatment outcomes. As demonstrated by the difference in the height velocity between TransCon hGH and the age-matched KIGS historical controls in the figure below, if the efficacy observed for TransCon hGH in the interim analysis is confirmed in longer term studies, it may be possible to improve real-world treatment outcomes by improving compliance with the dosing regimen.

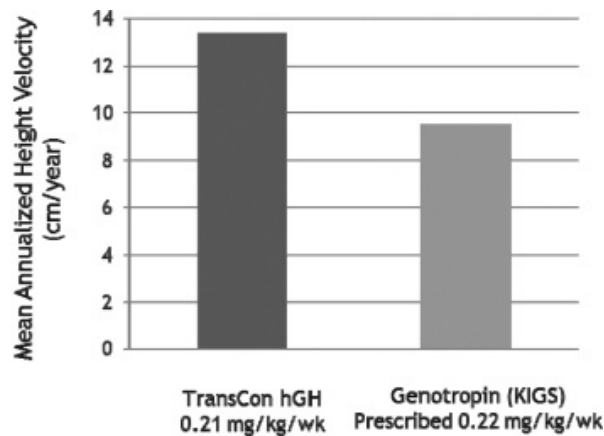


Figure 5. Comparison of annualized six-month height velocity of TransCon hGH to age-matched historical controls that were prescribed daily hGH at a weekly dose of 0.22 mg/kg/week (Ranke et al 2010). This cross-study comparison is a post hoc analysis with no statistical comparison conducted between the two groups.

For the TransCon hGH group, n=25, approximately 50% of the Phase 2 pediatric study enrollment.

There have been over 700 injections thus far in our Phase 2 pediatric study, and we have no reported serious or unexpected adverse events. The adverse events observed have been consistent with daily hGH therapy and not different between cohorts. Injection site reactions have been generally mild and transient and we have no incidences of injection site nodule formation or lipoatrophy. TransCon hGH has shown low immunogenicity comparable to levels reported for daily hGH therapies.

We expect to report topline data for all patients in the Phase 2 pediatric study in mid-2015.

Development Plans

After the receipt of the data from our on-going Phase 2 pediatric study, we plan to schedule an End of Phase 2 meeting with the FDA and the European Medicines Agency, or EMA, to further discuss the design of our Phase 3 clinical program and general regulatory strategy. We plan to propose a single trial with a non-inferiority

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design compared to daily hGH with a primary endpoint of 12-month mean height velocity. We believe the Phase 3 clinical program will consist of a multi-center, open-label, non-inferiority study comparing the safety and efficacy of a single dose level of once-weekly TransCon hGH to daily hGH in children with growth failure due to GHD. We expect the study to commence in mid-2016 and to consist of approximately 150 treatment naïve pre-pubertal GHD children using inclusion criteria that are similar to those we employed in our Phase 2 pediatric clinical study.

In addition, we are developing a pen device with Bang & Olufsen Medicom A/S for administration of TransCon hGH that is designed to be easy-to-use in the pediatric population and leverages proven technologies.

We believe an easy-to-use pen device is important for optimal market acceptance, and we are designing the pen to enable small injection volumes and utilize small needles comparable to those used with current daily growth hormone products, which is 30 gauge or finer. To enable ideal storage conditions, TransCon hGH has been designed to be stable at room temperature for at least two years.

As TransCon hGH is a prodrug of an approved drug, we plan to submit a new drug application, or NDA, to the FDA under Section 505(b)(2), which permits companies to rely upon the FDA's previous findings of safety and effectiveness for an approved product. We plan to use Genotropin® as a reference listed drug. We believe this approach offers several benefits, including the potential for approval for several indications included within the reference listed drug's label, based on clinical data from a single pivotal trial of TransCon hGH in pediatric patients with GHD.

We currently retain world-wide commercial rights to TransCon hGH, and will consider forming strategic alliances, creating joint ventures or entering into licensing arrangements with third parties in key geographies where we believe a collaboration partner can aid in the development, regulatory approval and commercialization of TransCon hGH.

TransCon Treprostinil

We are developing TransCon Treprostinil for the treatment of PAH, a life-threatening disease characterized by elevated blood pressure in the pulmonary arteries. According to Medtrack, the worldwide market for PAH therapies exceeded \$4 billion in 2013.

Treprostinil, the active agent in United Therapeutics' product Remodulin®, is the leading infused therapy for the treatment of PAH. We are applying our TransCon technology to develop TransCon Treprostinil to be given as a once-daily injection rather than as continuously infused therapy. This improvement in the administration of treprostinil is expected to minimize the limitations of infused treprostinil therapy, such as infusion site pain and the risk of infection. In January 2015, we initiated a Phase 1 clinical proof-of-concept study of TransCon Treprostinil and expect to report topline data in mid-2015.

Overview of Pulmonary Arterial Hypertension

PAH is a life-threatening disease characterized by elevated blood pressure in the pulmonary arteries. As the disease worsens, the right side of the heart works harder to pump blood to the lungs and this eventually leads to right heart failure and, ultimately, death. Treatments for PAH aim to reduce symptoms, improve quality of life and slow disease progression. In many cases, improvement in a patient’s exercise capacity, as measured by the 6 minute walk distance test, is used as an indicator of therapeutic effect. Mild-to-moderately affected PAH patients can frequently be managed with oral therapies such as PDE-5 inhibitors and endothelin receptor antagonists. Oral or inhaled prostacyclin analog therapy may be added as symptoms worsen. Patients suffering from severe PAH may receive continuously infused prostacyclin analog therapies.

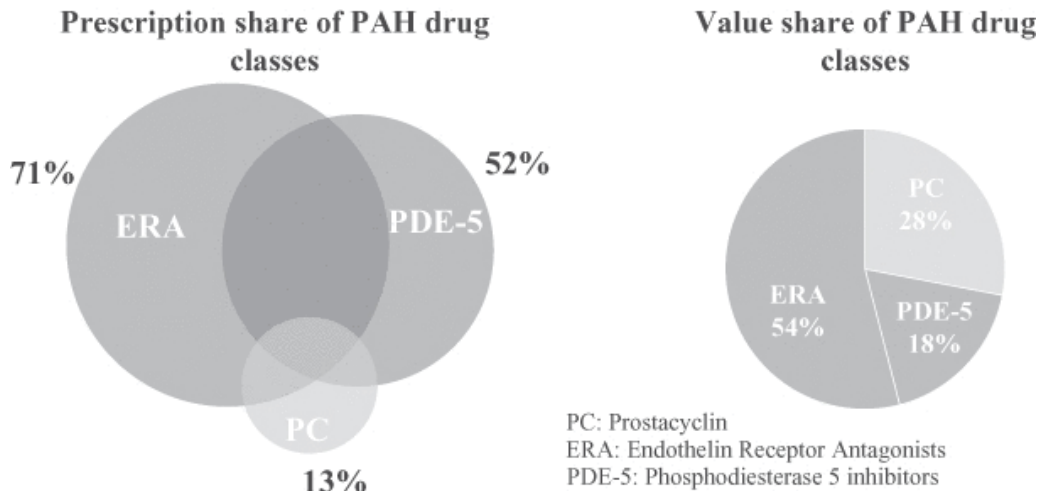


Figure 6. PAH patients frequently receive oral therapies such as PDE-5 inhibitors and endothelin receptor antagonists. As the disease progresses, often a combination therapy is initiated to control symptoms. Oral or inhaled prostacyclin analog therapy may be added as symptoms worsen. Treatment guidelines recommend continuously infused prostacyclin analog therapies for severe PAH. Despite a minority share of PAH prescriptions, the prostacyclin drug class constitutes 28% of the value in the PAH market.

Remodulin® (treprostinil) is the most commonly prescribed infused prostacyclin analog in the United States. Some PAH patients require continuous exposure to Remodulin® and the drug must be administered as either a continuous subcutaneous or intravenous infusion. The utilization of subcutaneous infusion may be limited as a result of infusion site pain and injection site reactions, including redness and swelling, which occurs in the majority of patients. These symptoms can be severe and lead to treatment with narcotics or discontinuation of Remodulin®. These reactions occur as a result of exposure of the subcutaneous tissue to the free active treprostinil. Intravenous Remodulin®, which was developed for and is used in those patients who poorly tolerate the subcutaneous route of administration, can have several safety issues, including infusion line infections, sepsis, arm swelling, tingling sensations, bruising and pain.

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We are developing TransCon Treprostinil to provide a safer and more convenient alternative to currently infused forms of Remodulin®, which could enable patients to avoid the localized infusion site pain and site reactions associated with the continuous subcutaneous route of administration, and bloodstream infection risks associated with the central venous catheter used for the continuous intravenous routes of administration. Our target product profile includes the following key attributes:

- Minimal injection site pain: TransCon Treprostinil is a prodrug which is absorbed into the bloodstream where it releases unmodified treprostinil at efficacious levels, which is expected to reduce or eliminate injection site exposure to the free treprostinil
- Continual exposure: slow release of treprostinil from the prodrug should ensure continual exposure and minimizes the risk of fatal rebound PAH that can be experienced with mechanical pump failures
- No risk of sepsis: risk of sepsis associated with intravenous infusions eliminated
- Pen device: compatible with easy to use pen device for once-daily self-administration

Market Opportunity

According to Medtrack, the worldwide market for PAH therapies exceeded \$4 billion in 2013 and the worldwide market for prostacyclin-based PAH treatments exceeded \$1.2 billion in 2013. It is estimated that PAH affects between 100,000 and 200,000 individuals worldwide. Although awareness of PAH continues to grow and the number of people diagnosed with the disease is increasing, PAH is still considered an orphan disease. Due to the low prevalence of the disease and the complexity of diagnosing PAH, only a small fraction of affected patients are currently being treated. Easier, less invasive methods of diagnosing PAH are under investigation, and, if successful, more patients could be diagnosed at an earlier stage of the disease, increasing the number of patients seeking treatment.

Limitations of Current Prostacyclin Therapies

Continuous exposure to prostacyclin is well-established as the gold-standard of treatment for late-stage PAH and “rescue therapy” for deteriorating PAH patients. However, despite current treatment guidelines recommending prostacyclin analog therapy as mono or combination therapy in patients with PAH, clinicians frequently delay the initiation of prostacyclin therapy. Data from the largest multicenter, observational registry of PAH patients in the United States, REVEAL, demonstrate that a substantial number of advanced patients were not being treated as aggressively as current guidelines recommend, *i.e.*, with intravenous prostacyclin analog and/or combination therapy. Approximately half of the PAH patients that died during the observation period were not treated with prostacyclin analogs at the time of death.

Due to the significant shortcomings of continuous prostacyclin analog infusion, alternative delivery approaches have been explored, including inhaled and oral prostacyclin analogs and an implantable continuous infusion pump. However, these approaches carry limitations specific to their respective delivery method.

Conventional Infused Prostacyclin Analog Therapy

Due to the natural progression of PAH, many patients eventually progress to requiring prostacyclin analog infusion, which has become well established in clinical practice as the standard of treatment for severe PAH patients. There are three branded infused prostacyclins on the U.S. market: Remodulin® (treprostinil) from United Therapeutics, Flolan® (epoprostenol) from GlaxoSmithKline, and Veletri® (epoprostenol) from Actelion. In 2008, Teva Pharmaceuticals launched a generic version of Flolan, epoprostenol.

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Intravenous prostacyclin analogs are delivered continuously through a surgically implanted central venous catheter. These catheters are inserted into major veins close to the heart to maximize drug delivery to the lungs and blood vessels. Typically a pump device containing a reservoir for medication refilling is connected to the catheter and must be worn or carried externally for years after diagnosis. Patients or their families are required to prepare the drug refill solution aseptically in a specialized designated clean area of their home every 24 to 48 hours, followed by refilling of the infusion pump. If strict aseptic preparation procedures are not followed, patients receiving intravenously infused prostacyclin may face sepsis, a life threatening bloodstream infection.

As an alternative to intravenous infusion of prostacyclins, patients can receive subcutaneous infusions. However, subcutaneously infused prostacyclin therapy can cause infusion site reactions. In the pivotal study of Remodulin® 85% of patients had infusion site pain and 32% of patients required narcotics to alleviate the pain associated with administration.

Inhaled Prostacyclin Analogs

Two prostacyclin analogs, Actelion's Ventavis® (iloprost), and United Therapeutics' Tyvaso® (treprostinil), are formulated for inhaled delivery. Due to the short half-life of prostacyclin analogues in the body, PAH patients must inhale prostacyclins four to nine times per day using a nebulizer. Preparation of the nebulizer and drug product, and the actual inhalation session, require considerable time and resources which are burdensome for patients. The amount of prostacyclin analog delivered through inhaled systems is intermittent and with a lower cumulative dose as compared to the cumulative dose received with continuous infusion therapy. This results in a reduction in overall systemic exposure of prostacyclin.

Oral Prostacyclin Receptor Agonists

In December 2013, United Therapeutics received FDA approval for Orenitram™ (treprostinil) Extended-Release Tablets. When used as monotherapy, the effect of Orenitram™ on exercise is small and Orenitram™ has not yet been shown to be efficacious in combination with other approved PAH therapies. Gastro-intestinal side effects resulting from treatment with Orenitram™ can be dose limiting, and may prevent titration to an effective dose level. Actelion is developing selexipag, an oral prostacyclin receptor agonist, and submitted an MAA to the EMA and an NDA to the FDA in December 2014.

Implantable Infusion Pump

United Therapeutics is supporting studies of treprostinil administered by an implantable pump, in partnership with Medtronic. The SynchroMed II Remodulin® pump will be surgically implanted in the abdomen of patients and re-filled by transdermal injection into an injection port. As the pump requires surgery for implantation, it is an invasive intervention and risks associated with the implantation surgery in an already fragile PAH patient base may affect adoption rates. In December 2014, a premarket approval application was submitted to the FDA for the use of Medtronic's Implantable pump with Remodulin®.

Our Solution: TransCon Treprostinil

Our TransCon Treprostinil is designed to be a once-daily self-administered subcutaneous injection of treprostinil, intended to offer the same efficacy as continuously-infused prostacyclin analogs, but with a safer and more convenient route of administration, without the infusion site pain/reaction and bloodstream infection risks associated with the continuous subcutaneous and intravenous routes of administration of treprostinil, respectively.

As TransCon Treprostinil is a prodrug, treprostinil is inactive at injection, thus reducing the potential for injection site reactions. As the prodrug is absorbed into the bloodstream, it behaves as a circulating depot releasing free treprostinil, via predictable cleaving of the TransCon linker, at levels comparable to continuous

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infusion. Our TransCon prodrug technology extends the half-life of treprostinil in the body to ensure continuous exposure. We believe the long half-life may minimize the risk of potentially fatal rebound PAH, which has been reported following interruption of continuously infused prostacyclins due to infusion pump or catheter malfunction and patient error.

TransCon Treprostinil is expected to require minimal preparation. The PAH patient, or their caregiver, will administer a single subcutaneous injection once each day, meaningfully decreasing the burden on patients compared to the administration requirements of continuous infusion options. Furthermore, as no indwelling catheters are needed, there is no requirement for implantation surgery and no risk of potentially fatal infections or complications due to a central venous catheter.

We believe that a safer and better tolerated prostacyclin analog therapy with a more convenient administration profile can improve treatment outcomes and facilitate faster adoption of parenteral prostacyclin analog therapy. We believe that patients currently delaying infused prostacyclin therapy due to fear of adverse effects and the high treatment burden, as well as less severe patients inadequately controlled on oral therapy, can benefit from receiving TransCon Treprostinil. The potential for TransCon Treprostinil to penetrate non-U.S. markets may present another significant opportunity for the product. Historically, non-U.S. markets have seen lower penetration rates of inhaled and infused prostacyclin analogs and it is possible that the potential for the improved safety and tolerability features of TransCon Treprostinil may encourage higher levels of prostacyclin analog use in these markets.

Development of TransCon Treprostinil

In January 2015, we initiated a Phase 1 clinical proof-of-concept study and expect to report topline data in mid-2015. This Phase 1 study is a single ascending dose study that will evaluate pharmacokinetic, injection tolerability, and safety parameters of TransCon Treprostinil in a healthy volunteer population. Following the completion of this study, we plan to initiate a Phase 1 multi-dose study comparing TransCon Treprostinil to continuously infused Remodulin to assess the pharmacokinetic profile of TransCon Treprostinil. We plan to initiate this study in the second half of 2015.

As TransCon Treprostinil is a prodrug of treprostinil, we believe that we are eligible to pursue a Section 505(b)(2) regulatory strategy and rely upon the FDA's previous findings of safety and effectiveness for treprostinil. Depending upon the outcome of initial Phase 1 studies, we may further propose to the FDA that we pursue a Section 505(b)(2) regulatory strategy based on demonstrating bioequivalence of TransCon Treprostinil to Remodulin®. If the FDA agrees to our proposed Section 505(b)(2) regulatory path, the development timelines for TransCon Treprostinil may be expedited compared to conventional drug approvals.

Former Strategic Collaboration with United Therapeutics

In September 2012, we entered into a collaboration agreement with United Therapeutics under which we granted United Therapeutics a license to research, develop, make and commercialize products based on the TransCon technology and prostacyclin analogs, and later expanded the license to include the drug beraprost. In October 2014, we and United Therapeutics terminated the collaboration agreement, mutually released each other from claims and United Therapeutics transferred the TransCon Treprostinil program, including the IND, to us.

TransCon Insulin

Overview

Together with our collaboration partner, Sanofi, we are developing TransCon Insulin for the treatment of diabetes, a major cause of morbidity and mortality across the world. The current standard of care for diabetes often includes daily insulin injections. Compliance and adherence to insulin regimens are poor due to the burden of daily injections. Failure to receive adequate and consistent levels of insulin leads to severe complications and even mortality in diabetic patients.

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Market Opportunity

According to the WHO, diabetes is a global epidemic with 347 million people worldwide having diabetes. The basal insulin market alone exceeds \$7.5 billion and is expected to increase due in part to increasing obesity rates, according to Medtrack.

Limitations of Current Basal Insulin Therapies

Efforts to improve patient adherence and avoid complications with insulin-based therapeutics have generally been based on creating longer acting insulin products as well as device and drug delivery innovations. Subcutaneous and percutaneous pumps are often used to deliver consistent levels of insulin, avoiding the variable plasma levels associated with daily injections. Other products contain insulin analogs that provide for slower absorption after subcutaneous injection. However, marketed basal insulin products are all administered as once-daily injections or continuous infusions.

Our Solution: TransCon Insulin

To improve treatment outcomes for diabetics, we have developed a once-weekly TransCon Insulin prodrug. Our long-acting TransCon Insulin is based on our TransCon hydrogel technology, and consists of human insulin covalently bound *via* slow-release TransCon linkers to a self-eliminating TransCon hydrogel. As the TransCon linker cleaves, insulin is liberated at safe and efficacious levels throughout the week. Because of the predictable nature of drug release from TransCon prodrugs, no burst release of insulin is observed in animal studies, reducing the risk of hypoglycemia. The TransCon technology is also applicable as an enabling platform for other anti-diabetic peptides and is ideally suited for fixed-dose combination therapies. TransCon Insulin has been designed to be compatible with current insulin pen devices and fine needles, ensuring minimal discomfort upon administration.

Animal Data

As illustrated in Figure 7 below, in diabetic animal models, TransCon Insulin provides sustained insulin release and lower blood glucose for more than two weeks. TransCon Insulin was demonstrated to reduce glucose levels throughout the week and to reach peak plasma insulin concentration within hours without generating a potentially life threatening burst release of insulin.

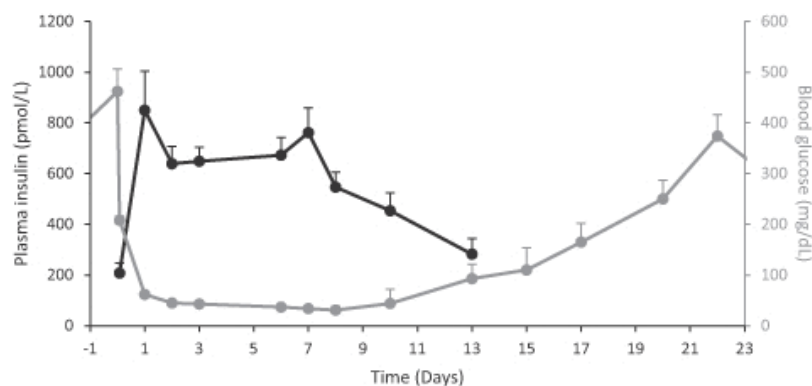


Figure 7. TransCon Insulin was administered as a single dose in a diabetic rat model, streptozotocin-treated rats, dose=24 mg/kg, n=8. Insulin release and lowering of blood glucose was observed for more than two weeks.

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Development Plans

Our collaboration partner, Sanofi, has informed us that it has completed preclinical safety studies. Sanofi has also informed us that they are evaluating additional peptides in conjunction with the TransCon technology in the field of diabetes.

Strategic Collaboration with Sanofi

In December 2010, we entered into a strategic collaboration agreement with Sanofi under which we assigned to Sanofi certain diabetes-related patent rights, and granted to Sanofi an exclusive, worldwide, royalty-free license to research, develop, make and commercialize (1) products based on the TransCon technology and any combination of glucagon-like-peptide-1, or GLP-1, glucagon and insulin to treat any diseases in humans or animals, or (2) any other product developed by Sanofi incorporating our TransCon technology, other technology covered by the assigned patents or other improvements to our TransCon technology or the foregoing products, to treat diabetes in humans or animals. During the term of the agreement, we are prohibited from engaging in any research, development or commercialization activities related to certain specified products. In addition, we granted Sanofi a non-exclusive, royalty-free license to research, develop, manufacture and commercialize products other than those based on the TransCon technology and any combination of GLP-1, glucagon and insulin that are developed by Sanofi incorporating our TransCon technology, other technology covered by the assigned patents or other improvements to our TransCon technology or the foregoing products for the treatment of certain diabetes-related metabolic disorders and obesity in humans and animals, so long as, for any such products that are peptides, Sanofi first develops them for diabetes or obesity in humans and the first application for regulatory approval for such products is for diabetes or obesity in humans in a major country, and for any such products that are not peptides, Sanofi first develops such products for diabetes in humans and animals and the first application for marketing approval is for diabetes in humans in a major country. This license will become exclusive, on a peptide-by-peptide basis, for any licensed product containing a peptide that is non-proprietary to Sanofi and is designated by Sanofi if certain specified conditions are met. Under the agreement, Sanofi has granted us a non-exclusive, royalty-free license (with the right to grant sublicenses) under Sanofi's rights in any improvements generated in connection with the collaboration, to research, develop, make or commercialize products outside the scope of the collaboration and outside the field of diabetes.

In consideration for these licenses to the TransCon technology and as payment for the assignment of specific diabetes-related product patents, Sanofi provided an aggregate of €25 million in non-refundable, up-front payments to us. Sanofi also committed to fund our development activities for a fixed amount over the first three years of the collaboration, in accordance with an agreed upon development plan. For the first two products developed under the Sanofi collaboration, we are also eligible to receive up to an aggregate of €170 million upon Sanofi's achievement of specified clinical development and regulatory approval milestones and up to an aggregate of €100 million upon Sanofi's achievement of certain sales-related milestones.

The term of the agreement expires upon the expiration of the last to expire of the patents licensed or assigned to Sanofi under the agreement and we currently expect the last-to-expire licensed or assigned patent will expire in October 2030. We may terminate the agreement upon 30 days' prior written notice if Sanofi fails to remit any undisputed sum it must pay to us. Each party may terminate the agreement upon 60 days' prior written notice for the other party's uncured material breach. Sanofi has the right to terminate the agreement in its entirety for convenience upon 90 days' prior written notice. Either party may terminate the agreement by written notice to the other party if the other party institutes a lawsuit or proceeding alleging non-infringement, invalidity or unenforceability with respect to any patent licensed to such other party under the agreement. Upon any such termination by us or by Sanofi for convenience, all licenses granted to Sanofi would terminate and, if such termination is by Sanofi for convenience prior to IND approval of a product under the agreement, we may require Sanofi to assign back to us the assigned patent rights upon payment of a specified amount.

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TransCon Ranibizumab

Overview and Market Opportunity

TransCon Ranibizumab is a novel compound designed to support up to half-yearly injection of ranibizumab, the active agent in Genentech's Lucentis® (ranibizumab injection). Lucentis® belongs to a class of drug therapies known as anti-vascular endothelial growth factor, or anti-VEGF treatments, which currently require periodic intravitreal injections, or injections into the back of the eye. Lucentis® is indicated for neovascular wet age-related macular degeneration, macular edema following retinal vein occlusion and diabetic macular edema, and has been transformative in the treatment of these diseases. Prior to the introduction of Lucentis®, most patients experienced progressive and inevitable vision loss. Now patients routinely gain back significant vision and maintain those gains for several years. By working together with Genentech and combining the TransCon technology with Lucentis®, we seek to continue to lead innovation in this therapeutic category by significantly reducing the injection frequency and associated patient burden.

In 2013, the worldwide sales of anti-VEGF ophthalmology drugs exceeded \$5 billion, comprised primarily of Lucentis® and a recent entrant Eylea® from Regeneron Pharmaceuticals, Inc./Bayer AG. There is high interest in developing longer acting therapies for intravitreal drug delivery in order to reduce the burdensome intravitreal injections required by the current standard of care. In this market, patient compliance remains a challenge and patients and physicians sometimes accept less than optimal dosing frequencies for certain individuals. A reliable and consistent method to achieve visual gains with up to half-yearly dosing represents a potential major breakthrough and could quickly become the new standard of care.

Limitations of Established Long-acting Anti-VEGF Technologies

Several types of drug-eluting ocular implants are approved in the United States, ranging from biodegradable inserts to non-biodegradable reservoirs. Non-biodegradable implants must be removed after a period of time requiring an additional invasive procedure. Biodegradable systems do not require removal, but are generally associated with erratic drug release and burst release.

Our Solution: TransCon Ranibizumab

Our approach provides a unique opportunity to reduce the frequency of intravitreal injections while enabling the predictable release of an active parent drug from our biodegradable carrier system. We believe our TransCon technology may enable intravitreal delivery of a variety of molecules, including small molecules, peptides and proteins. Our precise, predictable release of the unmodified drug within the vitreous chamber may maintain therapeutic levels of drug with up to half-yearly administration.

TransCon Ranibizumab is a novel prodrug designed to support up to half-yearly administration frequency, and to provide the same or improved efficacy compared to current intravitreal anti-VEGF injections.

Development Plans

Genentech is currently conducting preclinical studies to evaluate the safety of various TransCon prodrug candidates for intravitreal administration.

Strategic Collaboration with Genentech

In July 2013, we entered into a strategic collaboration agreement with Genentech and Roche, referred to collectively as Genentech, under which we granted Genentech an exclusive, worldwide royalty-bearing license to make, use and commercialize products based on the TransCon technology and any therapeutic or prophylactic compound, other than GLP-1, glucagon and/or insulin, for the treatment and/or prevention of any disease, condition or disorder of the eye, other than diabetic retinopathy. We also granted to Genentech a worldwide,

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non-exclusive, royalty-bearing license to make, use and commercialize such products to treat diabetic retinopathy. Under the agreement, we are prohibited from conducting, or granting rights to third parties to conduct in connection with any generic version of licensed products, any research, development or commercialization of the licensed intellectual property and technology rights for use in treatment or prevention of any ophthalmic condition or disorder, or for diabetic retinopathy, subject to certain exceptions and conditions. In addition, during the term of the agreement, we are prohibited from developing or commercializing any licensed product that contains a compound that is either proprietary to Genentech and that is the subject of active research and development efforts or subject to payment obligations under the agreement, or for a specified time period, that is one of a group of compounds commercialized and designated by Genentech, in each case for uses other than the treatment or prevention of any ophthalmic condition or disorder, or diabetic retinopathy. Under the agreement, we own any inventions made by either party solely relating to our TransCon technology under the collaboration. Further, we received a non-exclusive, royalty-free license (with the right to grant sublicenses) under Genentech's rights in any process invention or joint invention generated in connection with the collaboration, to make, use or sell products (other than glucagon product, GLP-1 product and insulin product) outside the field of treatment and/or prevention of any disease, condition or disorder of the eye.

In consideration for these licenses, Genentech paid us a non-refundable up-front technology license fee of \$20 million (€15 million), and we are eligible to receive milestone payments upon Genentech's achievement of specified development milestones and upon the achievement of the first commercial sale in certain specified markets. For each therapeutic or prophylactic compound containing (i) our TransCon technology licensed under this agreement and (ii) ranibizumab, the milestone payments shall not exceed \$100 million (€76 million), and for each such compound not containing ranibizumab, the milestone payments under this agreement shall not exceed \$80 million (€61 million). For products commercialized under this agreement, we are also eligible to receive tiered royalties on net sales, subject to customary reductions and offsets. For therapeutic or prophylactic compounds containing ranibizumab, these tiered royalties are at percentages in the mid-single digits but not exceeding the low-teen digits and, for other of therapeutic or prophylactic compounds not containing ranibizumab, these tiered royalties are at percentages in the mid-single digit range. Genentech also provides funding for our research and development activities under an agreed-upon plan.

The term of the agreement expires on a product-by-product and country-by-country basis upon expiration of Genentech's obligation to pay us royalties on the net sales of licensed products, which extends until the later of ten years after the first commercial sale of each licensed product in such country, or the expiration of certain patent rights covering such licensed product in such country. Each party may terminate the agreement upon 60 days' prior written notice for the other party's uncured material breach of this Agreement, upon 30 days' prior written notice for the other party's uncured material breach that has a serious adverse effect on the non-breaching party, and upon written notice to the other party upon bankruptcy or insolvency of the other party. Genentech has the right to terminate the agreement in its entirety for convenience upon 90 days' prior written notice, or on a licensed product-by-licensed product basis, by giving 90 days' written notice prior to the first commercial sale of the applicable licensed product and 180 days' written notice thereafter. Genentech may also terminate in the event we undergo a change of control in favor of a competitor of Genentech if that competitor does not segregate our personnel and activities under the agreement. We may terminate the agreement upon written notice to Genentech if Genentech challenges in a court the validity, enforceability or scope of licensed patents, other than to defend itself in a legal proceeding involving such patent rights.

Competition

The pharmaceutical industry is very competitive and subject to rapid and significant innovation. Our potential competitors include major multinational pharmaceutical companies, established biotechnology companies, specialty pharmaceutical and generic drug companies, universities, and other research institutions. Many of our competitors have greater resources, as well as larger research and development staff and more experienced marketing and manufacturing organizations. As a result, these companies may obtain regulatory approval more rapidly than we are able to and may be more effective in selling and marketing their products.

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Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies. Our competitors may succeed in developing, acquiring or licensing technologies and drug products that are superior to, or more effectively marketed than, the product candidates that we are currently developing or that we may develop, which could render our products obsolete and noncompetitive. For additional information regarding the companies that may be competitive with our product candidates currently in development see the descriptions of our current product candidates included above under the caption “TransCon Product Candidates.”

In addition, many of our competitors have greater experience than we do in conducting preclinical and clinical trials and obtaining FDA and other regulatory approvals. Accordingly, our competitors may succeed in obtaining FDA or other regulatory approvals for drug candidates more rapidly than we do. Companies that complete clinical trials, obtain required regulatory authority approvals and commence commercial sale of their drugs before their competitors may achieve a significant competitive advantage. Drugs resulting from our research and development efforts or from our joint efforts with collaboration partners therefore may not be commercially competitive with our competitors’ existing products or products under development.

We are aware that other companies are developing or evaluating enhanced drug delivery and sustained release technologies, which may be competitive with our TransCon technology. In particular, we believe Nektar, Inc., OPKO Health, Inc., ProLynx LLC and Serina Therapeutics, Inc. are developing technology platforms in the areas of enhanced drug delivery and reversible linkers that may be competitive with our TransCon technology. We also expect that technological developments will occur at a rapid rate and that competition is likely to intensify as various enhanced delivery and sustained released technologies may achieve similar advantages.

Intellectual Property

We actively seek to protect the intellectual property and proprietary technology that we believe is important to our business, which includes seeking and maintaining patents covering our technology, *i.e.*, TransCon linkers and carriers, specific lead candidate structures, broad product concepts, proprietary processes and any other inventions that are commercially and/or strategically important to the development of our business. We also rely on trade secrets that may be important to the development of our business and actively seek to protect the confidentiality of such trade secrets.

Our success will depend on our ability to obtain and maintain patent and other proprietary protection for commercially important technology, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets and operate without infringing the valid and enforceable patents and proprietary rights of third parties. For more information, please see “Risk Factors—Risks Related to Our Intellectual Property and Information Technology.”

As of December 31, 2014, we own a total of 36 patent families, of which 13 are currently in their priority year or international phase and we own several granted patents in the United States (6), Europe (2), Australia (6), Canada (1), China (3), Israel (2), New Zealand (2), Japan (4) and South Africa (5) and have more than 165 pending national/regional applications in a total of 19 jurisdictions (excluding the member states of the European Patent Convention in which our European patents were validated).

So far none of our granted patents has been subject to opposition proceedings, appeals or similar actions aiming at revoking or restricting the scope of a granted patent.

The patent portfolios for the fields containing our most advanced product candidates as of December 31, 2014 are summarized below and the expected expiration dates included in the summary below do not give effect to patent term extensions that may be available.

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TransCon hGH

Our patent portfolio related to TransCon hGH includes six patent families relating to different aspects of TransCon hGH. The first of these patent families is a composition of matter patent family directed to the particular stoichiometry of TransCon hGH and a related TransCon carrier. As of December 31, 2014, this patent family included patents granted in Europe and the United States and a patent application in Europe. We expect any patents granted in this patent family to expire in October 2024.

The second of these patent families is a composition of matter patent family directed to a TransCon linker used in TransCon hGH. As of December 31, 2014, this patent family included patents granted in the United States, Australia, Japan and Mexico and included patent applications in Europe, the United States, Brazil and Canada. We expect any patents granted in this patent family to expire in March 2025.

The third of these patent families is a composition of matter patent family directed to a broad class of TransCon hGH lead candidate structures. As of December 31, 2014, this patent family included patents granted in Australia, Israel, Mexico and South Africa and included patent applications in Europe, the United States, Australia, Brazil, Canada, China, Israel, India, Japan, Mexico and Russia. We expect any patents granted in this patent family to expire in April 2029.

The fourth of these patent families is a composition of matter patent family directed to specific dry pharmaceutical compositions comprising TransCon hGH. As of December 31, 2014, this patent family included patents granted in Singapore and South Africa and included patent applications in Europe, the United States, Australia, Brazil, Canada, China, Israel, India, Japan, Mexico and Russia. We expect any patents granted in this patent family to expire in December 2030.

The fifth of these patent families is a composition of matter patent family directed to a broad class of TransCon hGH lead candidate structures. As of December 31, 2014, this patent family consists of a European patent application in its priority year. We expect any patents granted in this patent family to expire in November 2035.

The sixth of these patent families is directed to a particular dosage regimen for long-acting growth hormone formulations. As of December 31, 2014, this patent family consists of a European patent application in its priority year. We expect any patents granted in this patent family to expire in November 2035.

TransCon Treprostinil

Our patent portfolio related to TransCon Treprostinil currently includes two patent families. The first patent family is a composition of matter patent family directed to the TransCon Treprostinil product concept. As of December 31, 2014, this patent family included patent applications in Europe, the United States, Australia, Brazil, Canada, China, Israel, India, Japan, South Korea, Mexico, Singapore and South Africa. We expect any patents granted in this patent family to expire in August 2032. The second patent family is also a composition of matter patent family directed to the lead candidate structure including the actual product structure. As of December 31, 2014, this patent family included patent applications in Europe, the United States, Australia, Brazil, Canada, China, Israel, India, Japan, South Korea, Mexico, Singapore and South Africa. We expect any patents granted in this patent family to expire in August 2032.

Field of Diabetes

In the field of diabetes, our patent portfolio related to TransCon product candidates under development with our collaboration partner, Sanofi, include four product-specific patent families previously sold to Sanofi and four technology-patent families owned by us and out-licensed to Sanofi. The first patent family owned by us is referred to as our AP006 patent family and this patent family is a composition of matter patent family broadly directed to one of our TransCon linkers. This patent family relates to our TransCon technologies and product candidates in the diabetes and ocular fields, among others. As of December 31, 2014, this patent family included

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patents granted in the United States, Australia, China, Israel, Japan and South Africa and included patent applications in Europe, the United States, the United Arab Emirates, Brazil, Canada, India, Japan, Mexico and Russia. We expect any patents granted in this patent family to expire in January 2029.

The second patent family owned by us is referred to as our AP003 patent family and this patent family is a combination of a composition of matter and a process patent family directed to particular TransCon hydrogels. This patent family relates to our TransCon technologies and product candidates in the diabetes and ocular fields, among others. As of December 31, 2014, this patent family included a patent granted in the United States and included patent applications in Europe and the United States. We expect any patents granted in this patent family to expire in October 2024.

The third patent family is a composition of matter patent family also directed to a PEG-based hydrogel comprising certain backbone and crosslinker structures. As of December 31, 2014, this patent family included patents granted in China, New Zealand, Singapore and South Africa, and included patent applications in Europe, the United States, Australia, Brazil, Canada, Indonesia, Israel, India, Japan, South Korea, Mexico, Malaysia, Russia and Thailand. We expect any patents granted in this patent family to expire in July 2030.

The third patent family owned by us is referred to as our AP019 patent family and this patent family is a process patent family directed to the sterilization of TransCon hydrogels. This patent family relates to our TransCon technology and product candidates in the diabetes and ocular fields, among others. As of December 31, 2014, this patent family included patents granted in New Zealand and South Africa, and included patent applications in Europe, the United States, Australia, Brazil, Canada, China, Indonesia, Israel, India, Japan, South Korea, Mexico, Malaysia, Russia, Singapore and Thailand. We expect any patents granted in this patent family to expire in October 2030.

Ocular Field

Our patent portfolio related to our work in the ocular field includes seven patent families, three of which are our AP003, AP006 and AP019 patent families which are described above and two of these patent families are exclusively out-licensed to our collaboration partner, Genentech. Other than the AP003, AP006 and AP019 patent families described above, our patent families related to our work in the ocular fields are described in this section below.

The first patent family is exclusively out-licensed to Genentech and is a composition of matter patent family directed to the general concept of using hydrogel prodrugs for the treatment of ocular diseases. As of December 31, 2014, this patent family included applications in Europe, the United States, Australia, Brazil, Canada, China, Israel, Japan, South Korea, Mexico, Malaysia, New Zealand, Russia, Singapore and South Africa. We expect any patents granted in this patent family to expire in October 2032.

The second patent family exclusively out-licensed to Genentech is a composition of matter patent family directed to a broad class of TransCon prodrugs of vascular endothelial growth factor neutralizing drugs. As of December 31, 2014, this patent family includes a patent application currently in international phase claiming priority of a European patent application. We expect any patents granted in this patent family to expire in October 2033.

The third patent family not described above is a process patent family also comprising product-by-process claims directed to a TransCon hydrogel especially applicable to protein drugs and product candidates. As of December 31, 2014, this patent family is in international phase claiming priority of a European patent application. We expect any patents granted in this patent family to expire in October 2033.

The fourth patent family not described above is a composition of matter patent family directed to inventions useful in the synthesis of certain prodrugs generally related to protein conjugates. As of December 31, 2014, this patent family is in international phase claiming priority of a European patent application. We expect any patents granted in this patent family to expire in October 2034.

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TransCon Technology

Our patent portfolio also includes patents and patent applications generally relating to our TransCon technology, including TransCon linkers, TransCon carriers and certain soluble conjugates. We own an aggregate of ten patent families relating to TransCon linkers, the material components of which are described above. We own an aggregate of eight patent families relating to TransCon carriers, the material components of which are described above. Finally, we own a composition of matter patent family that is directed to soluble conjugates in which one drug molecule is connected to one TransCon carrier molecule. As of December 31, 2014, this patent family included patents and patent applications in Europe and the United States. We expect any patents granted in this patent family to expire in October 2024.

Laws and Regulations Regarding Patent Terms

The term of individual patents depends upon the legal term of the patents in the countries in which they are obtained. In most countries in which we file, the patent term is 20 years from the earliest date of filing a non-provisional patent application. In the United States, a patent term may be shortened if a patent is terminally disclaimed over another patent or as a result of delays in patent prosecution by the patentee. A patent's term may be lengthened by a patent term adjustment, which compensates a patentee for administrative delays by the USPTO in granting a patent. The patent term of a European patent is 20 years from its filing date, which, unlike in the United States, is not subject to patent term adjustments.

The term of a patent that covers an FDA-approved drug or biologic may also be eligible for patent term extension, which permits patent term restoration as compensation for the patent term lost during the FDA regulatory review process. The Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Act, permits a patent term extension of up to five years beyond the expiration of the patent. The length of the patent term extension is related to the length of time the drug or biologic is under regulatory review. Patent extension cannot extend the remaining term of a patent beyond a total of 14 years from the date of product approval and only one patent applicable to an approved drug may be extended. Similar provisions are available in Europe and other jurisdictions to extend the term of a patent that covers an approved drug. In the future, if and when our products receive FDA approval, we expect to apply for patent term extensions on patents covering those products. We anticipate that some of our issued patents may be eligible for patent term extensions.

Manufacturing

As we do not maintain the capability to manufacture finished drug products, we utilize contract manufacturers to manufacture our proprietary drug candidates. We source starting materials for our manufacturing activities from one or more suppliers. For the starting materials necessary for our proprietary drug candidate development, we have agreements for the supply of such drug components with drug manufacturers or suppliers that we believe have sufficient capacity to meet our demands. However, from time to time, we source critical raw materials and services from one or a limited number of suppliers and there is a risk that if such supply or services were interrupted, it would materially harm our business. In addition, we typically order raw materials and services on a purchase order basis and do not enter into long-term dedicated capacity or minimum supply arrangements. We utilize the services of contract manufacturers to manufacture APIs required for later phases of clinical development and eventual commercialization for us under all applicable laws and regulations.

We have analytical and process development capabilities in our own facility. We generally perform drug candidate development, analytical and process development for our proprietary drug candidates internally, and manufacture the drugs necessary to conduct the non-GLP preclinical studies of our investigational product candidates. We occasionally outsource the production of research and development material. Occasionally our collaboration partners may conduct production of research and development material for products in their respective field. Each of our collaboration partners have granted us rights that enable us to freely commercialize all improvements to the TransCon Prodrug technology and manufacturing process developed by our collaboration partners outside of the field identified in their respective collaboration agreements.

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We do not have, and we do not currently plan to, acquire or develop the facilities or capabilities to manufacture bulk drug substance or filled drug product for use in human clinical trials. We rely on third-party manufacturers to produce the bulk drug substances required for our clinical trials and expect to continue to rely on third parties to manufacture and test clinical trial drug supplies for the foreseeable future.

Our contract suppliers manufacture drug substance and product for clinical trial use in compliance with cGMP and applicable local regulations. cGMP regulations include requirements relating to organization of personnel; buildings and facilities; equipment; control of components and drug product containers and closures; production and process controls; packaging and labeling controls; holding and distribution; laboratory controls; records and reports; and returned or salvaged products. The manufacturing facilities for our products must be in compliance with cGMP requirements, and for device and device components, the Quality System Regulation, or QSR, requirements, before any product is approved. We ensure cGMP compliance of our suppliers through regular quality inspections performed by our Quality Assurance group. Our third-party manufacturers may also be subject to periodic inspections of facilities by the FDA, the Competent Authorities of the Member States of the European Economic Area (EEA, comprising the 28 Member States of the European Union plus Norway, Iceland and Liechtenstein), and other authorities, including reviews of procedures and operations used in the testing and manufacture of our products to assess our compliance with applicable regulations. Failure to comply with statutory and regulatory requirements subjects a manufacturer to possible legal or regulatory action, including warning letters, the seizure or recall of products, injunctions, consent decrees placing significant restrictions on or suspending manufacturing operations and civil and criminal penalties. These actions could have a material impact on the availability of our products. In addition, contract manufacturers often encounter difficulties involving production yields, quality control and quality assurance, as well as shortages of qualified personnel.

We also contract with additional third parties for the filling, labeling, packaging, testing, storage and distribution of our investigational drug products. We employ personnel with the significant scientific, technical, production, quality and project management experience required to oversee our network of third-party suppliers and to manage manufacturing, quality data and information for regulatory compliance purposes.

Government Regulation and Product Approval

Government authorities in the United States, at the federal, state and local level, and in other countries extensively regulate, among other things, the research, development, testing, manufacture, including any manufacturing changes, safety surveillance, efficacy, quality control, packaging, storage, recordkeeping, labeling, advertising, promotion, distribution, marketing, sale, import, export and the reporting of safety and other post-market information of pharmaceutical and medical device products such as those we are developing. Our product candidates must be approved by the FDA through the NDA process before they may be legally promoted in the United States and by the EMA, through the marketing authorization application, or MAA, process before they may be legally marketed in Europe. Our product candidates will be subject to similar requirements in other countries prior to marketing in those countries. The processes for obtaining regulatory approvals in the United States, the EEA and in foreign countries, along with subsequent compliance with appropriate federal, state, local and foreign statutes and regulations, require the expenditure of substantial time and resources.

U.S. Government Regulation

In the United States, we are subject to extensive regulation by the FDA, which regulates drugs under the Federal Food, Drug, and Cosmetic Act, or the FDCA, and its implementing regulations, and other federal, state, and local regulatory authorities. The FDCA and its implementing regulations set forth, among other things, requirements for the research, testing, development, manufacture, quality control, safety, effectiveness, approval, labeling, storage, record keeping, reporting, distribution, import, export, advertising and promotion of our products. The process of obtaining regulatory approvals and the subsequent compliance with appropriate federal,

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state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources. Failure to comply with the applicable U.S. requirements at any time during the product development process, approval process or after approval, may subject an applicant to a variety of administrative or judicial sanctions, such as the FDA's refusal to approve pending NDAs, withdrawal of an approval, imposition of a clinical hold, issuance of warning letters, product recalls, product seizures, total or partial suspension of production or distribution, injunctions, fines, refusals of government contracts, restitution, disgorgement or civil or criminal penalties.

The process required by the FDA before a drug may be marketed in the United States generally involves the following:

- completion of preclinical laboratory tests, animal studies and formulation studies in compliance with the FDA's Good Laboratory Practice regulations;
- submission to the FDA of an IND which must become effective before human clinical trials may begin;
- approval by an independent institutional review board, or IRB, at each clinical site before each trial may be initiated;
- performance of adequate and well-controlled human clinical trials in accordance with good clinical practice, or GCP, requirements to establish the safety and efficacy of the proposed drug product for each indication;
- submission to the FDA of an NDA;
- satisfactory completion of an FDA advisory committee review, if applicable;
- satisfactory completion of an FDA inspection of the manufacturing facility or facilities at which the product is produced to assess compliance with current good manufacturing practice, or cGMP, requirements and to assure that the facilities, methods and controls are adequate to preserve the drug's identity, strength, quality and purity; and
- FDA review and approval of the NDA.

We are developing a pen device with Bang & Olufsen Medicom A/S to facilitate the administration of TransCon hGH by end-users. We anticipate the EMA, the FDA and other similar regulatory authorities will require a separate approval of our pen device that is in addition to the approval we are seeking for the drug component of TransCon hGH. Typically, the FDA's Office of Combination Products assigns a combination product to a specific Agency Center as the lead reviewer after an applicant submits a Request for a Designation. The FDA determines which Center will lead a product's review based upon the product's primary mode of action. Depending on the type of combination product, its approval, clearance or licensure may usually be obtained through the submission of a single marketing application. However, the FDA sometimes will require separate marketing applications for individual constituent parts of the combination product which may require additional time, effort, and information. Even when a single marketing application is required for a combination product, such as an NDA for the a combination pharmaceutical and device product, both the FDA's Center for Drug Evaluation and Research and the FDA's Center for Devices and Radiological Health may participate in the review. An applicant will also need to discuss with the Agency how to apply certain premarket requirements and post-marketing regulatory requirements, including conduct of clinical trials, adverse event reporting and good manufacturing practices, to their combination product.

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Preclinical Studies

Preclinical studies include laboratory evaluation of product chemistry, toxicity and formulation, as well as animal studies to assess potential safety and efficacy. An IND is a request for authorization from the FDA to administer an investigational drug product to humans. An IND sponsor must submit the results of the preclinical tests, together with manufacturing information, analytical data and any available clinical data or literature, among other things, to the FDA as part of an IND. Some preclinical testing may continue even after the IND is submitted. An IND automatically becomes effective and a clinical trial proposed in the IND may begin 30 days after the FDA receives the IND, unless during this 30-day waiting period, the FDA raises concerns or questions related to one or more proposed clinical trials and places the clinical trial on a clinical hold. In such a case, the IND sponsor and the FDA must resolve any outstanding concerns before the clinical trial can begin. As a result, submission of an IND may not result in the FDA allowing clinical trials to commence.

Clinical Trials

Clinical trials involve the administration of the investigational new drug to human subjects under the supervision of qualified investigators in accordance with GCP requirements, which include the requirement that all research subjects provide their informed consent in writing for their participation in any clinical trial. Clinical trials are conducted under protocols detailing, among other things, the objectives of the trial, the parameters to be used in monitoring safety, and the effectiveness criteria to be evaluated. A protocol for each clinical trial and any subsequent protocol amendments must be submitted to the FDA as part of the IND. In addition, an IRB at each institution participating in the clinical trial must review and approve the plan for any clinical trial before it commences at that institution. Information about certain clinical trials must be submitted within specific timeframes to the National Institutes of Health, or NIH, for public dissemination on their www.clinicaltrials.gov website.

Human clinical trials are typically conducted in three or four sequential phases, which may overlap or be combined:

- Phase 1: The drug is initially introduced into healthy human subjects or patients with the target disease or condition and tested for safety, dosage tolerance, absorption, metabolism, distribution, excretion and, if possible, to gain an early indication of its effectiveness.
- Phase 2: The drug is administered to a limited patient population to identify possible adverse effects and safety risks, to preliminarily evaluate the efficacy of the product for specific targeted diseases and to determine dosage tolerance and optimal dosage.
- Phase 3: The drug is administered to an expanded patient population, generally at geographically dispersed clinical trial sites, in well-controlled clinical trials to generate enough data to statistically evaluate the efficacy and safety of the product for approval, to establish the overall risk-benefit profile of the product, and to provide adequate information for the labeling of the product.
- Phase 4: In some cases, the FDA may condition approval of an NDA for a product candidate on the sponsor's agreement to conduct additional clinical trials after NDA approval. In other cases, a sponsor may voluntarily conduct additional clinical trials post approval to gain more information about the drug. Such post approval trials are typically referred to as Phase 4 clinical trials.

Progress reports detailing the results of the clinical trials must be submitted at least annually to the FDA and more frequently if serious adverse events occur. Phase 1, Phase 2 and Phase 3 clinical trials may not be completed successfully within any specified period, or at all. Furthermore, the FDA or the sponsor may suspend or terminate a clinical trial at any time on various grounds, including a finding that the research subjects are being exposed to an unacceptable health risk. Similarly, an IRB can suspend or terminate approval of a clinical trial at its institution if the clinical trial is not being conducted in accordance with the IRB's requirements or if the drug has been associated with unexpected serious harm to patients.

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Concurrent with clinical studies, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the product and finalize a process for manufacturing the product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and, among other things, the manufacturer must develop methods for testing the identity, strength, quality and purity of the final product. Additionally, appropriate packaging must be selected and tested and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

Marketing Approval

Assuming successful completion of the required clinical testing, the results of the preclinical and clinical studies, together with detailed information relating to the product's chemistry, manufacture, controls and proposed labeling, among other things, are submitted to the FDA as part of an NDA requesting approval to market the product for one or more indications. In most cases, the submission of an NDA is subject to a substantial application user fee. Under the Prescription Drug User Fee Act guidelines that are currently in effect, the FDA has a goal of 10 months from the date of "filing" of a standard NDA for a new molecular entity to review and act on the submission. This review typically takes 12 months from the date the NDA is submitted to the FDA because the FDA has sixty days from receipt to make a "filing" decision, as described below.

In addition, under the Pediatric Research Equity Act of 2003 as amended and reauthorized, certain NDAs or supplements to an NDA must contain data that are adequate to assess the safety and effectiveness of the drug for the claimed indications in all relevant pediatric subpopulations, and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may, on its own initiative or at the request of the applicant, grant deferrals for submission of some or all pediatric data until after approval of the product for use in adults, or full or partial waivers from the pediatric data requirements.

The FDA also may require submission of a risk evaluation and mitigation strategy, or REMS, plan to ensure that the benefits of the drug outweigh its risks. The REMS plan could include medication guides, physician communication plans, assessment plans, and/or elements to assure safe use, such as restricted distribution methods, patient registries, or other risk minimization tools.

The FDA conducts a preliminary review of all NDAs within the first 60 days after submission, before accepting them for filing, to determine whether they are sufficiently complete to permit substantive review. The FDA may request additional information rather than accept an NDA for filing. In this event, the application must be resubmitted with the additional information. The resubmitted application is also subject to review before the FDA accepts it for filing. Once the submission is accepted for filing, the FDA begins an in-depth substantive review. The FDA reviews an NDA to determine, among other things, whether the drug is safe and effective and whether the facility in which it is manufactured, processed, packaged or held meets standards designed to assure the product's continued safety, quality and purity.

The FDA may refer an application for a novel drug to an advisory committee. An advisory committee is a panel of independent experts, including clinicians and other scientific experts, that reviews, evaluates and provides a recommendation as to whether the application should be approved and under what conditions. The FDA is not bound by the recommendations of an advisory committee, but it considers such recommendations carefully when making decisions.

Before approving an NDA, the FDA typically will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA, the FDA may inspect one or more clinical trial sites to assure compliance with GCP requirements.

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The FDA generally accepts data from foreign clinical trials in support of an NDA if the trials were conducted under an IND. If a foreign clinical trial is not conducted under an IND, the FDA nevertheless may accept the data in support of an NDA if the study was conducted in accordance with GCP requirements and the FDA is able to validate the data through an on-site inspection, if deemed necessary. Although our clinical trials of TransCon hGH have been designed to be GCP compliant, these trials have not been conducted under an IND. Although the FDA generally requests that marketing applications be supported by some data from domestic clinical studies, the FDA may accept foreign data as the sole basis for marketing approval if (1) the foreign data are applicable to the U.S. population and U.S. medical practice, (2) the studies were performed by clinical investigators with recognized competence, and (3) the data may be considered valid without the need for an on-site inspection or, if the FDA considers the inspection to be necessary, the FDA is able to validate the data through an on-site inspection or other appropriate means.

The testing and approval process for an NDA requires substantial time, effort and financial resources, and each may take several years to complete. Data obtained from preclinical and clinical testing are not always conclusive and may be susceptible to varying interpretations, which could delay, limit or prevent regulatory approval. The FDA may not grant approval on a timely basis, or at all.

After evaluating the NDA and all related information, including the advisory committee recommendation, if any, and inspection reports regarding the manufacturing facilities and clinical trial sites, the FDA may issue an approval letter, or, in some cases, a complete response letter. A complete response letter generally contains a statement of specific conditions that must be met in order to secure final approval of the NDA and may require additional clinical or preclinical testing in order for the FDA to reconsider the application. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval. If and when those conditions have been met to the FDA's satisfaction, the FDA will typically issue an approval letter. An approval letter authorizes commercial marketing of the drug with specific prescribing information for specific indications.

Even if the FDA approves a product, it may limit the approved indications for use of the product, require that contraindications, warnings or precautions be included in the product labeling, require that post-approval studies, including Phase 4 clinical trials, be conducted to further assess a drug's safety after approval, require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution and use restrictions or other risk management mechanisms under a REMS, which can materially affect the potential market and profitability of the product. The FDA may prevent or limit further marketing of a product based on the results of post-marketing studies or surveillance programs. After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes, and additional labeling claims, are subject to further testing requirements and FDA review and approval.

Post-Approval Requirements

Drugs manufactured or distributed pursuant to FDA approvals are subject to pervasive and continuing regulation by the FDA and other government authorities, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, advertising and promotion and reporting of adverse experiences with the product. After approval, most changes to the approved product, such as adding new indications or other labeling claims are subject to prior FDA review and approval. There also are continuing, annual user fee requirements for any marketed products and the establishments at which such products are manufactured, as well as new application fees for supplemental applications with clinical data.

The FDA may impose a number of post-approval requirements as a condition of approval of an NDA. For example, the FDA may require post-marketing testing, including Phase 4 clinical trials, and surveillance to further assess and monitor the product's safety and effectiveness after commercialization.

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In addition, drug manufacturers and other entities involved in the manufacture and distribution of approved drugs are required to register their establishments with the FDA and state authorities, and are subject to periodic unannounced inspections by the FDA and these state authorities for compliance with cGMP requirements. Changes to the manufacturing process are strictly regulated and often require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP requirements and impose reporting and documentation requirements upon the sponsor and any third-party manufacturers that the sponsor may decide to use. Accordingly, manufacturers must continue to expend time, money, and effort in the area of production and quality control to maintain cGMP compliance.

Once an approval is granted, the FDA may withdraw the approval if compliance with regulatory requirements and standards is not maintained or if problems occur after the product reaches the market.

Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with manufacturing processes, or failure to comply with regulatory requirements, may result in mandatory revisions to the approved labeling to add new safety information; imposition of post-market studies or clinical trials to assess new safety risks; or imposition of distribution or other restrictions under a REMS program. Other potential consequences include, among other things:

- restrictions on the marketing or manufacturing of the product, complete withdrawal of the product from the market or product recalls;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve pending NDAs or supplements to approved NDAs, or suspension or revocation of product license approvals;
- product seizure or detention, or refusal to permit the import or export of products; or
- injunctions or the imposition of civil or criminal penalties.

The FDA strictly regulates marketing, labeling, advertising and promotion of products that are placed on the market. Drugs may be promoted only for the approved indications and in accordance with the provisions of the approved label. The FDA and other authorities actively enforce the laws and regulations prohibiting the promotion of off-label uses, and a company that is found to have improperly promoted off-label uses may be subject to significant liability.

In addition, the distribution of prescription pharmaceutical products is subject to the Prescription Drug Marketing Act, or PDMA, which regulates the distribution of drugs and drug samples at the federal level, and sets minimum standards for the registration and regulation of drug distributors by the states. Both the PDMA and state laws limit the distribution of prescription pharmaceutical product samples and impose requirements to ensure accountability in distribution.

Hatch-Waxman Amendments and Exclusivity

As an alternative path to FDA approval for modifications to formulations or uses of products previously approved by the FDA, an applicant may submit an NDA under Section 505(b)(2) of the FDCA. Section 505(b)(2) was enacted as part of the Hatch-Waxman Amendments and permits the filing of an NDA where at least some of the information required for approval comes from studies not conducted by, or for, the applicant. If the 505(b)(2) applicant can establish that reliance on FDA's previous findings of safety and effectiveness is scientifically appropriate, it may eliminate the need to conduct certain preclinical or clinical studies of the new product. The FDA may also require companies to perform additional studies or measurements, including clinical trials, to support the change from the approved branded reference drug. The FDA may then approve the new product candidate for all, or some, of the label indications for which the branded reference drug has been approved, as well as for any new indication sought by the 505(b)(2) applicant.

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In seeking approval for a drug through an NDA, including a 505(b)(2) NDA, applicants are required to list with the FDA certain patents whose claims cover the applicant's product. Upon approval of an NDA, each of the patents listed in the application for the drug is then published in the Orange Book. Any applicant who files an abbreviated new drug application, or ANDA, seeking approval of a generic equivalent version of a drug listed in the Orange Book or a 505(b)(2) NDA referencing a drug listed in the Orange Book must certify to the FDA that (1) no patent information on the drug product that is the subject of the application has been submitted to the FDA; (2) such patent has expired; (3) the date on which such patent expires; or (4) such patent is invalid or will not be infringed upon by the manufacture, use or sale of the drug product for which the application is submitted. This last certification is known as a paragraph IV certification. A notice of the paragraph IV certification must be provided to each owner of the patent that is the subject of the certification and to the holder of the approved NDA to which the ANDA or 505(b)(2) application refers. The applicant may also elect to submit a "section viii" statement certifying that its proposed label does not contain (or carves out) any language regarding the patented method-of-use rather than certify to a listed method-of-use patent.

If the reference NDA holder and patent owners assert a patent challenge directed to one of the Orange Book listed patents within 45 days of the receipt of the paragraph IV certification notice, the FDA is prohibited from approving the application until the earlier of 30 months from the receipt of the paragraph IV certification expiration of the patent, settlement of the lawsuit or a decision in the infringement case that is favorable to the applicant. The ANDA or 505(b)(2) application also will not be approved until any applicable non-patent exclusivity listed in the Orange Book for the branded reference drug has expired. Specifically, the holder of the NDA for the listed drug may be entitled to a period of non-patent exclusivity, during which the FDA cannot approve an ANDA or 505(b)(2) application that relies on the listed drug. For example, a pharmaceutical manufacturer may obtain five years of non-patent exclusivity upon NDA approval of a new chemical entity, or NCE, which is a drug that contains an active moiety that has not been approved by FDA in any other NDA. An "active moiety" is defined as the molecule or ion responsible for the drug substance's physiological or pharmacologic action. During the five-year exclusivity period, the FDA cannot accept for filing any ANDA seeking approval of a generic version of that drug or any 505(b)(2) NDA for the same active moiety and that relies on the FDA's findings regarding that drug, except that FDA may accept an application for filing after four years if the follow-on applicant makes a paragraph IV certification.

A drug, including one approved under Section 505(b)(2), may obtain a three-year period of exclusivity for a particular condition of approval, or change to a marketed product, such as a new formulation for a previously approved product, if one or more new clinical studies (other than bioavailability or bioequivalence studies) was essential to the approval of the application and was conducted/sponsored by the applicant. Should this occur, the FDA would be precluded from approving any ANDA or 505(b)(2) application for the protected modification until after that three-year exclusivity period has run. However, unlike NCE exclusivity, the FDA can accept an application and begin the review process during the exclusivity period.

Pediatric Exclusivity

Pediatric exclusivity is another type of non-patent exclusivity in the United States and, if granted, provides for the attachment of an additional six months of marketing protection to the term of any existing regulatory exclusivity, including the five-year and three-year non-patent and orphan exclusivity. This six-month exclusivity may be granted if an NDA sponsor submits pediatric data that fairly respond to a written request from the FDA for such data. The data do not need to show the product to be effective in the pediatric population studied; rather, if the clinical study is deemed to fairly respond to the FDA's request, the additional protection is granted. If reports of FDA-requested pediatric studies are submitted to and accepted by the FDA within the statutory time limits, whatever statutory or regulatory periods of exclusivity or patent protection cover the product are extended by six months. This is not a patent term extension, but it effectively extends the regulatory period during which the FDA cannot approve another application relying on the NDA sponsor's data.

Foreign Regulation

In order to market any product outside of the United States, we would need to comply with numerous and varying regulatory requirements of other countries regarding safety and efficacy and governing, among other things, clinical trials, marketing authorization, commercial sales and distribution of our products. For example, in the European Union, we must obtain authorization of a clinical trial application, or CTA, in each member state in which we intend to conduct a clinical trial. Even if we obtain FDA approval for a product, we would need to obtain the necessary approvals by the comparable regulatory authorities of foreign countries before we can commence clinical trials or marketing of the product in those countries. The approval process varies from country to country and can involve additional product testing and additional administrative review periods. The time required to obtain approval in other countries might differ from and be longer than that required to obtain FDA approval. Regulatory approval in one country does not ensure regulatory approval in another, but a failure or delay in obtaining regulatory approval in one country may negatively impact the regulatory process in others.

To obtain a marketing authorization of a drug in the European Union, we may submit MAAs either under the so-called centralized or national authorization procedures.

Centralized Procedure

The centralized procedure provides for the grant of a single marketing authorization from the European Commission following a favorable opinion by the Committee for Medicinal Products for Human Use, or the CHMP, of the EMA that is valid in all European Union member states, as well as Iceland, Liechtenstein and Norway. The centralized procedure is compulsory for medicines produced by specified biotechnological processes, products designated as orphan medicinal products, advanced therapy medicinal products (such as gene therapy, somatic cell therapy and tissue engineered products) and products with a new active substance indicated for the treatment of specified diseases, such as HIV/AIDS, cancer, diabetes, neurodegenerative disorders or autoimmune diseases and other immune dysfunctions, and viral diseases. The centralized procedure is optional for products containing a new active substance not yet authorized in the EEA, or that represent a significant therapeutic, scientific or technical innovation, or whose authorization would be in the interest of public health. Under the centralized procedure the maximum timeframe for the evaluation of an MAA by the EMA is 210 days, excluding clock stops, when additional written or oral information is to be provided by the applicant in response to questions asked by the CHMP. Accelerated assessment might be granted by the CHMP in exceptional cases, when a medicinal product is expected to be of a major public health interest, particularly from the point of view of therapeutic innovation. The timeframe for the evaluation of an MAA under the accelerated assessment procedure is of 150 days, excluding clock stops.

National Authorization Procedures

There are also two other possible routes to authorize medicinal products in several European Union countries, which are available for investigational medicinal products that fall outside the scope of the centralized procedure:

- Decentralized procedure. Using the decentralized procedure, an applicant may apply for simultaneous authorization in more than one European Union country of medicinal products that have not yet been authorized in any European Union country and that do not fall within the mandatory scope of the centralized procedure.
- Mutual recognition procedure. In the mutual recognition procedure, a medicine is first authorized in one European Union Member State, in accordance with the national procedures of that country. Following this, further marketing authorizations can be sought from other European Union countries in a procedure whereby the countries concerned recognize the validity of the original, national marketing authorization.

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The EEA has a procedure, the so-called hybrid marketing authorization application process, for the approval of products that are similar to an already approved product (the reference product), but that do not qualify as generics. The legal basis for this process is established in Article 10(3) of Directive 2001/83/EC which provides that the hybrid application process is available for products that are similar to an already authorized product, but do not fall within the definition of a generic medicinal product, their bioequivalence to the reference product cannot be demonstrated through bioavailability studies, or their active substance(s), therapeutic indications, strength, pharmaceutical form or route of administration differ from that of the reference product. Marketing authorization applications for hybrid products can rely in part on the results of the preclinical tests and clinical trials of the reference product and in part on new data. A hybrid of a reference medicinal product authorized via the centralized procedure has automatic access to the centralized procedure.

In the European Union, new products authorized for marketing (*i.e.*, reference products) qualify for eight years of data exclusivity and an additional two years of market exclusivity upon marketing authorization. The data exclusivity period prevents generic applicants from relying on the preclinical and clinical trial data contained in the dossier of the reference product when applying for a generic marketing authorization in the European Union during a period of eight years from the date on which the reference product was first authorized in the European Union. The market exclusivity period prevents a successful generic applicant from commercializing its product in the European Union until 10 years have elapsed from the initial authorization of the reference product in the European Union. The 10-year market exclusivity period can be extended to a maximum of eleven years if, during the first eight years of those 10 years, the marketing authorization holder obtains an authorization for one or more new therapeutic indications which, during the scientific evaluation prior to their authorization, are held to bring a significant clinical benefit in comparison with existing therapies.

In the EEA, the EMA's Committee for Orphan Medicinal Products grants orphan drug designation to promote the development of products that are intended for the diagnosis, prevention or treatment of life-threatening or chronically debilitating conditions affecting not more than five in 10,000 persons in the E.U. Community and for which no satisfactory method of diagnosis, prevention, or treatment has been authorized (or the product would be a significant benefit to those affected). Additionally, designation is granted for products intended for the diagnosis, prevention, or treatment of a life-threatening, seriously debilitating or serious and chronic condition and when, without incentives, it is unlikely that sales of the drug in the European Union would be sufficient to justify the necessary investment in developing the medicinal product. An E.U. orphan drug designation entitles a party to financial incentives such as reduction of fees or fee waivers and 10 years of market exclusivity is granted following medicinal product approval. This period may be reduced to six years if the orphan drug designation criteria are no longer met, including where it is shown that the product is sufficiently profitable not to justify maintenance of market exclusivity. Orphan drug designation must be requested before submitting an application for marketing approval. Orphan drug designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

In the EEA, marketing authorization applications for new medicinal products not authorized have to include the results of studies conducted in the pediatric population, in compliance with a pediatric investigation plan, or PIP, agreed with the EMA's Pediatric Committee, or the PDCO. The PIP sets out the timing and measures proposed to generate data to support a pediatric indication of the drug for which marketing authorization is being sought. The PDCO can grant a deferral of the obligation to implement some or all of the measures of the PIP until there are sufficient data to demonstrate the efficacy and safety of the product in adults. Further, the obligation to provide pediatric clinical trial data can be waived by the PDCO when these data is not needed or appropriate because the product is likely to be ineffective or unsafe in children, the disease or condition for which the product is intended occurs only in adult populations, or when the product does not represent a significant therapeutic benefit over existing treatments for pediatric patients. Once the marketing authorization is obtained in all Member States of the European Union and study results are included in the product information, even when negative, the product is eligible for six months' supplementary protection certificate extension. For orphan-designated medicinal products, the 10-year period of market exclusivity is extended to 12 years.

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Other Healthcare Laws

In addition to FDA restrictions on marketing of pharmaceutical products, other U.S. federal and state healthcare regulatory laws restrict business practices in the biopharmaceutical industry, which include, but are not limited to, state and federal anti-kickback, false claims, data privacy and security, and physician payment transparency laws.

The federal Anti-Kickback Statute prohibits, among other things, knowingly and willfully offering, paying, soliciting or receiving any remuneration, directly or indirectly, overtly or covertly, to induce or in return for purchasing, leasing, ordering, or arranging for or recommending the purchase, lease, or order of any item or service reimbursable, in whole or in part, under Medicare, Medicaid or other federal healthcare programs. The term “remuneration” has been broadly interpreted to include anything of value. The Anti-Kickback Statute has been interpreted to apply to arrangements between pharmaceutical manufacturers on one hand and prescribers, purchasers, and formulary managers on the other. Although there are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution, the exceptions and safe harbors are drawn narrowly. Practices that involve remuneration that may be alleged to be intended to induce prescribing, purchases, or recommendations may be subject to scrutiny if they do not meet the requirements of a statutory or regulatory exception or safe harbor. Failure to meet all of the requirements of a particular applicable statutory exception or regulatory safe harbor does not make the conduct per se illegal under the Anti-Kickback Statute. Instead, the legality of the arrangement will be evaluated on a case-by-case basis based on a cumulative review of all its facts and circumstances. Several courts have interpreted the statute’s intent requirement to mean that if any one purpose of an arrangement involving remuneration is to induce referrals of federal healthcare covered business, the statute has been violated.

Additionally, the intent standard under the Anti-Kickback Statute was amended by the Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, collectively the Affordable Care Act, to a stricter standard such that a person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation. In addition, the Affordable Care Act codified case law that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal civil False Claims Act.

The federal civil False Claims Act prohibits any person or entity from, among other things, knowingly presenting, or causing to be presented, a false claim for payment to, or approval by, the federal government or knowingly making, using, or causing to be made or used a false record or statement material to a false or fraudulent claim to the federal government. A claim includes “any request or demand” for money or property presented to the U.S. government. Several pharmaceutical and other healthcare companies have been prosecuted under these laws for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. Other companies have been prosecuted for causing false claims to be submitted because of the companies’ marketing of products for unapproved, and thus non-covered, uses. In addition, the civil monetary penalties statute imposes penalties against any person who is determined to have presented or caused to be presented a claim to a federal health program that the person knows or should know is for an item or service that was not provided as claimed or is false or fraudulent. Many states also have similar fraud and abuse statutes or regulations that apply to items and services reimbursed under Medicaid and other state programs, or, in several states, apply regardless of the payor.

The federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, created new federal criminal statutes that prohibit, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program, including private third-party payors and knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement in connection with the delivery of or payment for healthcare benefits, items or services. Like the Anti-Kickback Statute, the Affordable Care Act broadened the reach of certain criminal healthcare fraud statutes created under HIPAA by amending the intent requirement such that a person or entity no longer needs to have actual knowledge of the statute or specific intent to violate it in order to have committed a violation.

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In addition, there has been a recent trend of increased federal and state regulation of payments made to physicians and other healthcare providers. The Affordable Care Act imposed, among other things, new annual reporting requirements for covered manufacturers for certain payments and “transfers of value” provided to physicians and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Failure to submit timely, accurately and completely the required information for all payments, transfers of value and ownership or investment interests may result in civil monetary penalties of up to an aggregate of \$150,000 per year and up to an aggregate of \$1 million per year for “knowing failures.” Covered manufacturers were required to begin collecting data on August 1, 2013 and submit reports on aggregate payment data to the government for the first reporting period (August 1, 2013 – December 31, 2013) by March 31, 2014, and required to report detailed payment data for the first reporting period and submit legal attestation to the completeness and accuracy of such data by June 30, 2014. Thereafter, covered manufacturers must submit reports by the 90th day of each subsequent calendar year. In addition, certain states require implementation of commercial compliance programs and compliance with the pharmaceutical industry’s voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, impose restrictions on marketing practices, and/or tracking and reporting of gifts, compensation and other remuneration or items of value provided to physicians and other healthcare professionals and entities.

We may also be subject to data privacy and security regulation by both the federal government and the states in which we conduct our business. HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their respective implementing regulations, impose specified requirements relating to the privacy, security and transmission of individually identifiable health information. Among other things, HITECH makes HIPAA’s security standards directly applicable to “business associates,” defined as independent contractors or agents of covered entities that create, receive or obtain protected health information in connection with providing a service on behalf of a covered entity. HITECH also increased the civil and criminal penalties that may be imposed against covered entities, business associates and possibly other persons, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorney’s fees and costs associated with pursuing federal civil actions. In addition, state laws govern the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same requirements, thus complicating compliance efforts.

If our operations are found to be in violation of any of such laws or any other governmental regulations that apply to us, we may be subject to penalties, including, without limitation, administrative, civil and criminal penalties, damages, fines, disgorgement, contractual damages, reputational harm, diminished profits and future earnings, the curtailment or restructuring of our operations, exclusion from participation in federal and state healthcare programs and individual imprisonment, any of which could adversely affect our ability to operate our business and our financial results.

To the extent that any of our product candidates, once approved, are sold in a foreign country, we may be subject to similar foreign laws and regulations, which may include, for instance, applicable post-marketing requirements, including safety surveillance, anti-fraud and abuse laws, and implementation of corporate compliance programs and reporting of payments or other transfers of value to healthcare professionals.

Coverage and Reimbursement

Significant uncertainty exists as to the coverage and reimbursement status of any drug or medical device products for which we obtain regulatory approval. In the United States and markets in other countries, patients who are prescribed treatments for their conditions and providers performing the prescribed services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Patients are unlikely to use our products unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of our products. Sales of any products for which we receive regulatory approval for commercial sale will therefore depend, in part, on the availability of coverage and adequate reimbursement from third-party payors. Third-party payors include government authorities, managed care providers, private health insurers and other organizations.

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The process for determining whether a third-party payor will provide coverage for a drug or medical device product typically is separate from the process for setting the price of such product or for establishing the reimbursement rate that the payor will pay for the product once coverage is approved. Third-party payors may limit coverage to specific drug products on an approved list, also known as a formulary, which might not include all of the FDA-approved drugs for a particular indication. A decision by a third-party payor not to cover our product candidates could reduce physician utilization of our products once approved and have a material adverse effect on our sales, results of operations and financial condition. Moreover, a third-party payor's decision to provide coverage for a drug or medical device product does not imply that an adequate reimbursement rate will be approved. Adequate third-party reimbursement may not be available to enable us to maintain price levels sufficient to realize an appropriate return on our investment in product development. Additionally, coverage and reimbursement for new products can differ significantly from payor to payor. One third-party payor's decision to cover a particular medical product or service does not ensure that other payors will also provide coverage for the medical product or service, or will provide coverage at an adequate reimbursement rate. As a result, the coverage determination process will require us to provide scientific and clinical support for the use of our products to each payor separately and will be a time-consuming process.

The containment of healthcare costs has become a priority of federal, state and foreign governments, and the prices of drugs have been a focus in this effort. Third-party payors are increasingly challenging the prices charged for medical products and services, examining the medical necessity and reviewing the cost-effectiveness of drugs, medical devices and medical services, in addition to questioning safety and efficacy. If these third-party payors do not consider our products to be cost-effective compared to other available therapies, they may not cover our products after FDA approval or, if they do, the level of payment may not be sufficient to allow us to sell our products at a profit.

Healthcare Reform

A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Government authorities and other third-party payors have attempted to control costs by limiting coverage and the amount of reimbursement for particular medical products. By way of example, in the United States, the Medicare Prescription Drug Improvement and Modernization Act of 2003, or MMA, changed the way Medicare covers and pays for pharmaceutical products. The legislation expanded Medicare coverage for outpatient drug purchases by those covered by Medicare under a new Part D and introduced a new reimbursement methodology based on average sales prices for Medicare Part B physician-administered drugs, including drugs currently on the market used by physicians to treat the clinical indications for which we are currently seeking FDA approval and likely our product candidates, if approved. As a result of this legislation and the expansion of federal coverage of drug products, there is additional pressure to contain and reduce costs. While the MMA applies only to drug benefits for Medicare beneficiaries, private payors often follow Medicare coverage policy and payment limitations in setting their own reimbursement rates, and any reduction in reimbursement that results from the MMA may result in a similar reduction in payments from private payors. These cost reduction initiatives and other provisions of the MMA could decrease the coverage and reimbursement that we receive for any approved products, and could seriously harm our business.

In addition, in March 2010, the Affordable Care Act was enacted, which, among other things, increased the minimum Medicaid rebates owed by most manufacturers under the Medicaid Drug Rebate Program, addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, extended the Medicaid Drug Rebate Program to utilization of prescriptions of individuals enrolled in Medicaid managed care plans, imposed mandatory discounts for certain Medicare Part D beneficiaries, subjected drug manufacturers to new annual fees based on pharmaceutical companies' share of sales to federal healthcare programs and imposed an annual excise tax of 2.3% on any entity that manufactures or imports medical devices.

On August 2, 2011, the Budget Control Act of 2011 created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction

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of at least \$1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs. This included aggregate reductions of Medicare payments to providers of 2% per fiscal year, which went into effect on April 1, 2013 and will stay in effect through 2024 unless additional Congressional action is taken. On January 2, 2013, the American Tax Payer Relief Act was signed into law, which, among other things, further reduced Medicare payments to several providers, including hospitals.

We expect that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our products once approved or additional pricing pressures.

Employees

As of December 31, 2014, we employed 55 full-time employees, 26 of whom hold a Ph.D., M.D., or equivalent degrees. Of these full-time employees, 47 were engaged in research and development and 8 were engaged in general and administrative activities, including business and corporate development. None of our employees are represented by a labor union or covered under a collective bargaining agreement. We consider our employee relations to be good.

Property and Facilities

Our headquarters are located at Tuborg Boulevard 12, DK-2900 Hellerup, Denmark, where we lease approximately 1,469 square feet of office space. The lease for our headquarters expires on October 31, 2015. We maintain a research facility in Heidelberg, Germany, where we lease 16,095 square feet of office and laboratory space. The lease for our Heidelberg facility expires January 31, 2017. We have also leased 300 square feet of office space in Palo Alto, California pursuant to a lease that expires January 31, 2016. We believe that our existing facilities are adequate for our near-term needs. We believe that suitable additional or alternative space would be available if required in the future on commercially reasonable terms.

Legal Proceedings

From time to time, we may be involved in various claims and legal proceedings relating to claims arising out of our operations. We are not currently a party to any legal proceedings that, in the opinion of our management, are likely to have a material adverse effect on our business. Regardless of outcome, litigation can have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

Corporate Organization

We were organized under the laws of the Kingdom of Denmark in September 2006 as a private limited liability company (*Anpartsselskab*, or ApS) and then transformed into a public limited liability company (*Aktieselskab*, or A/S) in December 2007. We commenced operations in December 2007 in connection with the acquisition of the company that invented our TransCon technology, Complex Biosystems GmbH. Certain of our operations are conducted through our subsidiaries and we have the following subsidiaries Ascendis Pharma GmbH (Germany), Ascendis Pharma, Inc. (Delaware, United States), Ascendis Pharma, Ophthalmology Division A/S (Denmark), Ascendis Pharma, Growth Disorders Division A/S (Denmark), Ascendis Pharma, Osteoarthritis Division A/S (Denmark) and Ascendis Pharma, Circulatory Diseases Division A/S (Denmark). Our principal executive offices are located at Tuborg Boulevard 12, DK-2900 Hellerup, Denmark and our telephone number is +45 36 94 44 86.

MANAGEMENT

General

We have a two-tier governance structure consisting of a board of directors and an executive board. The two bodies are separate; however, Jan Møller Mikkelsen, our President and Chief Executive Officer, is represented on both our board of directors and our executive board. Our executive board is supported by the other members of our senior management. Below is a summary of relevant information concerning our board of directors, executive board and senior management, as well as a brief summary of certain significant provisions of Danish corporate law and the articles of association that will be in effect upon the closing of this offering, which relate to our board of directors and executive board.

Members of Our Board of Directors, Executive Board and Senior Management

Board of Directors

The following table sets forth information with respect to each of our board members and their respective ages as of December 31, 2014. The terms of office of all our board members expire at the next annual general meeting to be held in 2015. All board members are eligible for re-election.

The business address of our board members is our registered office address at Tuborg Boulevard 12, DK-2900 Hellerup, Denmark.

<u>Name of Board Member</u>	<u>Age</u>	<u>Position(s)</u>
Michael Wolff Jensen, L.L.M.	43	Chairman and Senior Vice President, General Counsel
Albert Cha, M.D., Ph.D.	42	Board Member
Edwin de Graaf	44	Board Member
James I. Healy, M.D., Ph.D.	49	Board Member
Michael Mayer	61	Board Member
Jan Møller Mikkelsen	55	President, Chief Executive Officer, Board Member and Executive Director
Martin Olin	45	Board Member
Jonathan T. Silverstein, J.D.	47	Board Member
Rafaèle Tordjman, M.D., Ph.D.	45	Board Member

The following is a brief summary of the business experience of our non-employee board members.

Albert Cha, M.D., Ph.D. has served as a member of our board of directors since November 2014. In 2000, Dr. Cha joined Vivo Capital, a healthcare investment firm, where he has served in various positions, most recently as a managing partner. Dr. Cha currently serves as a member of the board of directors of several privately held biotechnology and medical device companies. From June 2002 through February 2009, Dr. Cha served as a member of the board of directors at BioForm Medical, Inc., a publicly traded medical aesthetics company. Dr. Cha holds a B.S. and an M.S. from Stanford University and an M.D. and a Ph.D. from the University of California at Los Angeles.

Edwin de Graaf has served as a member of our board of directors since June 2014. Since July 2006, Mr. de Graaf has served as a Managing Partner of Gilde Healthcare Partners B.V., a European venture capital firm. From 1998 to 2006, Mr. de Graaf served as an Investment Director of Gilde. Mr. de Graaf currently serves as a member of the board of directors for several privately held biotechnology companies. Mr. de Graaf received a Master's of Business and Fiscal Economics from the Erasmus University Rotterdam, the Netherlands.

James I. Healy, M.D., Ph.D. has served as a member of our board of directors since November 2014. Dr. Healy has been a General Partner of Sofinnova Ventures, a venture capital firm, since June 2000. Prior to

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June 2000, Dr. Healy held various positions at Sanderling Ventures, Bayer Healthcare Pharmaceuticals (as successor to Miles Laboratories) and ISTA Pharmaceuticals, Inc. Dr. Healy is currently on the board of directors of Amarin Corporation plc, Auris Medical Holding AG, Hyperion Therapeutics, Inc., Coherus BioSciences, Inc. and several private companies. Previously, he served as a board member of InterMune, Inc., Anthera Pharmaceuticals, Inc., Durata Therapeutics, Inc., CoTherix, Inc., Movetis NV, KaloBios Pharmaceuticals, Inc. and several private companies. Dr. Healy holds an M.D. and a Ph.D. in Immunology from Stanford University School of Medicine and holds a B.A. in Molecular Biology and a B.A. in Scandinavian Studies from the University of California, Berkeley.

Michael Mayer has served as a member of our board of directors since December 2007. Mr. Mayer founded TechnoStart, a venture capital firm specializing in early-stage technology investments and has served as a Managing Partner since 1990. Prior to starting TechnoStart, Mr. Mayer headed the technology transfer group at Fraunhofer-Institute for Systems and Innovation Research. Mr. Mayer received a Masters in Economics from the University of Konstanz in Germany.

Martin Olin has served as a member of our board of directors since June 2014. Mr. Olin currently serves as the Chief Financial Officer of Symphogen A/S, a privately held biotechnology company, a position he has held since March 2012. Prior to his position with Symphogen A/S, Mr. Olin served as an Investment Director of SLS Invest ApS, a venture capital firm specializing in life sciences companies from January 2009 to March 2012. Prior to SLS Invest, Mr. Olin served as a Senior Partner of Scandinavian Life Science Venture, a life-science focused venture capital company later acquired by SLS Invest. Mr. Olin holds a B.Sc. in Business and Administration from Vestsjaellands Business School, an M.Sc. in Auditing and Business Administration from Copenhagen Business School and an Executive M.B.A. from Scandinavian International Management Institute.

Jonathan T. Silverstein, J.D. has served as a member of our board of directors since November 2014. Mr. Silverstein has been a member of OrbiMed Advisors LLC, an asset management firm solely focused in healthcare, since 1999. Prior to OrbiMed, Mr. Silverstein was a director of life sciences in the investment banking department at Sumitomo Bank, a financial services company. Since August 2012, Mr. Silverstein has served as a director of Intercept Pharmaceuticals, Inc., a biopharmaceutical company and, since September 2009, Mr. Silverstein has served as a director of Roka BioScience, Inc., a molecular diagnostics company. In addition, Mr. Silverstein currently serves as a member of the board of directors of a number of private companies. From 2010 to July 2014, Mr. Silverstein was a director of Relypsa, Inc. From 2008 until 2011, Mr. Silverstein was a director of NxStage Medical, Inc. From 2006 until 2008, Mr. Silverstein was a director of Insulet, Inc. From 2004 until 2007, Mr. Silverstein was a director of Avanir Pharmaceuticals, Inc. Mr. Silverstein has a B.A. in economics from Denison University and a J.D. and M.B.A. from the University of San Diego.

Rafaèle Tordjman, M.D., Ph.D. has served as a member of our board of directors since December 2007. Dr. Tordjman joined the French venture capital firm Sofinnova Partners in 2001 and is a Managing Partner specializing in life sciences investments. Dr. Tordjman has also served on the boards of directors at several life sciences companies including DBV Technologies SA, a French publicly traded company specializing in allergy therapies, and Flexion Therapeutics, Inc., a publicly traded company specializing in clinical-stage pharmaceuticals. Previously, Dr. Tordjman was a research scientist at the Institut National de la Santé et de la Recherche Médicale (INSERM) in Cochin Hospital, Paris, France. Dr. Tordjman has also practiced as a medical doctor, specializing in clinical hematology and internal medicine. Dr. Tordjman received an M.D. and completed a fellowship in hematology and internal medicine at the Paris University Hospitals. She received a Ph.D. in hematopoiesis and angiogenesis from and completed a post-doctoral fellowship in immunology, at the University of Paris VII.

Senior Management and Executive Board

The following table sets forth information with respect to each of the members of our senior management, their respective ages and their positions as of December 31, 2014. In addition to serving as members of our senior management, Mr. Mikkelsen and Mr. Soloway serve as the members of our executive

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board. The business address of these members of our senior management is our registered office address at Tuborg Boulevard 12, DK-2900 Hellerup, Denmark.

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
Jan Møller Mikkelsen	55	President, Chief Executive Officer, Board Member and Executive Director
Martin Auster, M.D.	39	Senior Vice President, Chief Business Officer
Michael Wolff Jensen, L.L.M.	43	Chairman and Senior Vice President, General Counsel
Grethe Rasmussen, Ph.D.	52	Senior Vice President, Product Development
Peter Rasmussen	46	Vice President, Finance and Principal Accounting Officer
Dr. Harald Rau	44	Senior Vice President, Chief Scientific Officer
Thomas P. Soloway	47	Senior Vice President, Chief Financial Officer and Executive Director
Lotte Sønderbjerg	53	Senior Vice President, Chief Administrative Officer

The following is a brief summary of the business experience of our senior management and executive board.

Jan Møller Mikkelsen co-founded Ascendis Pharma and has served as our President and Chief Executive Officer and as a member of our board of directors since December 2007. From 2002 to 2006, Mr. Mikkelsen served as President and Chief Executive Officer of LifeCycle Pharma A/S, now known as Veloxis Pharmaceuticals A/S, a publicly traded biotechnology company. From 2000 to 2002, Mr. Mikkelsen served as Co-President and subsequently as President of the Pharmaceutical Division of Maxygen, Inc., a protein pharmaceuticals business. Mr. Mikkelsen co-founded ProFound Pharma A/S, a biopharmaceutical company that was later acquired by Maxygen, Inc., and he served as Co-Chief Executive Officer from 1999 to 2000. Prior to founding ProFound, Mr. Mikkelsen held various positions at Novo Nordisk A/S, a global healthcare company, and served as its Vice President of protein discovery from 1991 to 1999. Mr. Mikkelsen currently serves as a member of the advisory board of Inspirion Delivery Technologies, a specialty pharmaceutical company. Mr. Mikkelsen is Cand. Scient. in Biochemistry from the University of Odense.

Martin Auster, M.D. joined our company in May 2014 as our Senior Vice President, Chief Business Officer. Prior to Ascendis Pharma, Dr. Auster served as Vice President, Business Development at United Therapeutics Corporation, a publicly traded biotechnology company, from March 2009 to May 2014. Prior to United Therapeutics, Dr. Auster held several positions in the investment banking industry including as a Biotechnology Analyst at Morgan Stanley, as a Senior Biotechnology Analyst at Wachovia Securities, and as a Senior Analyst at GLG Partners, Inc. Dr. Auster received a B.A. from the University of Michigan and an M.D. from the University of Texas Medical Branch.

Michael Wolff Jensen, L.L.M. has served as Chairman of our board of directors since January 2008 and as our Senior Vice President, General Counsel since June 2013. In addition, Mr. Jensen served as our Acting Chief Financial Officer from May 2008 to June 2013. From October 2010 to June 2013, Mr. Jensen served as Senior Legal Advisor and Head of Partnerships (France) for the renewable business division of Dong Energy A/S, the Danish State-owned utility company. Prior to Ascendis Pharma, Mr. Jensen served as Executive Vice President & Chief Financial Officer of Veloxis Pharmaceuticals A/S, a publicly traded biotechnology company, from 2003 to 2008. Prior to joining Veloxis, Mr. Jensen served as Senior Vice President & Chief Financial Officer of Genmab A/S, a publicly traded biotechnology company from 2000 to 2003. Mr. Jensen also currently serves as Chairman of the board of directors of two biotechnology companies; one publicly traded, Eurocine Vaccines AB, and one privately held. Mr. Jensen received an L.L.M. degree from the University of Copenhagen.

Grethe Rasmussen, Ph.D. has served as our Senior Vice President, Product Development since April 2008. From 2000 to 2007, Dr. Rasmussen served as Vice President for Protein Science at Maxygen, Inc. and from 2007 she served as Managing Director for the Danish subsidiary of Maxygen. Prior to joining Maxygen from 1989 to 2000, Dr. Rasmussen held various positions at Novo Nordisk A/S, a global healthcare company, where she contributed to research and development of protein chemistry. Dr. Rasmussen received a Ph.D. in Biochemistry from the Danish Technical University.

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Peter Rasmussen joined our company in March 2014 as Vice President, Finance and Principal Accounting Officer. Prior to joining Ascendis Pharma, Mr. Rasmussen worked as a financial consultant for Ascendis Pharma from October 2013 to March 2014. From June 2008 to August 2012, Mr. Rasmussen served as the Chief Financial Officer of AdvanDx, Inc., a privately held medical device company. From 2007 to 2008, prior to AdvanDx, Mr. Rasmussen served as Head of Finance at Veloxis Pharmaceuticals A/S. Mr. Rasmussen is a state-authorized public accountant in Denmark and received an M.Sc. in Business Economics and Auditing from Copenhagen Business School.

Dr. Harald Rau has served as our Senior Vice President, Chief Scientific Officer, managing the research group at Ascendis Pharma since December 2007. Prior to Ascendis Pharma, Dr. Rau served as the Chief Scientific Officer of Complex Biosystems GmbH, a biotechnology company Dr. Rau co-founded in 2002, which was acquired by Ascendis Pharma in December 2007. Prior to co-founding Complex Biosystems, Dr. Rau worked with Graffinity Pharmaceuticals AG, a biotechnology company, from 1998 to 2002, and served as its Director of Chemistry from 2000 to 2002. Dr. Rau obtained his doctorate from the University of Freiburg.

Thomas P. Soloway joined Ascendis Pharma in January 2014 as our Senior Vice President, Chief Financial Officer. Prior to Ascendis Pharma, Mr. Soloway held various positions at Transcept Pharmaceuticals, Inc., a publicly traded biotechnology company, including Senior Vice President, Operations and Chief Financial Officer from February 2009 to April 2012 and Executive Vice President and Chief Operating Officer from April 2012 to December 2013. Prior to the completion of a merger between Transcept and Novacea, Inc., Mr. Soloway served as Chief Financial Officer of Transcept since 2003, and as the Senior Vice President, Operations and Chief Financial Officer of Transcept since 2005. Prior to joining Transcept, from 1993 to 2002, Mr. Soloway worked with Montreux Equity Partners, a venture capital firm, in the development, structuring and financing of early stage healthcare and life sciences companies. Mr. Soloway received a B.S. in Entrepreneurial Studies from the University of Southern California and an M.B.A. from Georgetown University.

Lotte Sønderbjerg has served as our Senior Vice President, Chief Administrative Officer since December 2007. Prior to joining Ascendis Pharma, Ms. Sønderbjerg served as Senior Director of Human Resources and as Finance Director at Veloxis Pharmaceuticals A/S from 2003 to 2007. Prior to joining Veloxis Pharmaceuticals A/S, Ms. Sønderbjerg served as Senior Director of Finance and Human Resources at Acadia Pharmaceuticals Inc., a publicly traded biotechnology company from 1996 to 2003. Prior to her career in biotech, Ms. Sønderbjerg was the Executive Secretary for the CEO and Board of Directors of Novo Nordisk A/S. Ms. Sønderbjerg received a Masters of Arts in International Business Communications from University of Aarhus.

Corporate Governance

Board of Directors

Our board of directors is responsible for our overall and strategic management and must ensure proper organization of our business. In addition, our board is obligated to ensure that (i) bookkeeping and financial reporting procedures are satisfactory; (ii) adequate risk management and internal control procedures have been established; (iii) our board of directors receives ongoing information as necessary about our financial position; (iv) our executive board performs its duties properly and as directed by our board of directors; and (v) the financial resources of our company are adequate at all times, and that our company has sufficient liquidity to meet its current and future liabilities as they become due.

In performing its duties, our board of directors is required to act in the interests of our company (including our shareholders) and our associated business as a whole. Our board of directors may generally make any decisions in furtherance of our objectives that are not reserved for either the executive board or the shareholders either by virtue of the articles of association or by operation of Danish law. Typical shareholder decisions that our board of directors cannot resolve alone are: changes to the articles of association, elections of board members, elections of auditors, decisions to scrutinize our company's affairs, capital increases and decreases, payment of dividends, purchase of treasury shares, and decisions to merge, demerge or liquidate our company.

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The general meeting of shareholders must elect no fewer than three and no more than 10 members to our board of directors. The board of directors is classified into two classes as nearly equal in number as possible with respect to the duration of the term in which they severally hold office. Such classes consist of one class of directors ("Class I") who shall be elected at the annual general meeting held in 2015 for a term expiring at the annual general meeting to be held 2017; and a second class of directors ("Class II") who shall be elected at the annual general meeting held in 2015 for a term expiring at the annual general meeting to be held in 2016. The shareholders shall increase or decrease the number of directors, in order to ensure that the two classes shall be as nearly equal in number as possible; provided, however, that no decrease shall have the effect of shortening the term of any other director. At each annual general meeting beginning in 2016, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual general meeting held in the second year following the year of their election.

Board members may be dismissed at any time at a general meeting of shareholders. A resolution by the general meeting of shareholders to appoint or dismiss board members requires a simple majority of the votes cast and there is no requirement for a specific quorum.

Under Danish corporate law, employees of companies that have employed at least 35 employees for the preceding three years are entitled to elect members of their board of directors corresponding to one-half of the members of their board of directors elected by the general meeting of shareholders. Board members elected by the employees are elected for terms of four years, and they hold the same rights and obligations as any board member elected by the shareholders. We do not currently have employee representatives on our board of directors.

Our board of directors elects its chairman. Our board of directors forms a quorum when more than half of the members of our board of directors are represented. Resolutions of our board of directors are passed by simple majority. Each board member is entitled to cast one vote. For a complete description of these board governance matters, you should refer to our articles of association, as amended, which have been filed as an exhibit to the registration statement of which this prospectus forms a part.

Our board of directors may also adopt resolutions without a meeting, provided that such resolutions are adopted in writing and submitted to all members of our board of directors and provided that no board member objects to adopting resolutions without conducting a meeting.

As a foreign private issuer, our board of directors is not required to hold regularly scheduled meetings at which only independent board members are present and we intend to comply with home country practices, which do not require executive sessions, in lieu of complying with NASDAQ Rule 5605(b) (2).

Executive Board

Our executive board is in charge of the day-to-day management of our operations and is assisted in this respect by the other members of our senior management. The executive board must follow the guidelines and directions issued by the board of directors. Day-to-day management does not include decisions of an unusual nature or of major importance, having regard to the circumstance. Such decisions may only be made by the executive board if specifically authorized by the board of directors, unless it will cause considerable inconvenience to our company's activities to wait for authorization by the board of directors. If so, the board of directors must be notified of the decision as soon as possible.

In accordance with the exemption available to foreign private issuers under NASDAQ rules, we do not intend to follow the requirements of the NASDAQ rules with regard to the process of nominating board members, and instead, will follow Danish law and practice, in accordance with which our board of directors (or a committee thereof) is authorized to recommend to our shareholders director nominees for election. Under the Danish Companies Act, nominations for directors also may be made upon the request of any shareholder.

Committees of the Board of Directors

Upon the closing of this offering, we will have an audit committee, a remuneration committee and a nominating and corporate governance committee. We have adopted a charter for each of these committees. Under

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Danish corporate law, it is not possible to delegate the decision making authority of the entire board of directors to board committees.

Audit Committee

Upon the closing of this offering, our audit committee will consist of Martin Olin (Chairman), Edwin de Graaf and Michael Mayer. Each member satisfies the independence requirements of the NASDAQ listing standards, and Martin Olin qualifies as an “audit committee financial expert,” as defined in Item 16A of Form 20-F and as determined by our board of directors. Our audit committee will oversee our accounting and financial reporting processes and the audits of our consolidated financial statements. Our Audit committee meets all of the relevant criteria for independence under NASDAQ rule 5615. As a foreign private issuer, we are not required to have a formal written audit committee charter that complies with NASDAQ Rule 5605(c)(1) and, although we have adopted an audit committee charter, we will comply with home country practices in lieu of NASDAQ Rule 5605(c)(1). Our audit committee will be responsible for, among other things:

- making recommendations to our board of directors regarding the appointment by the general meeting of shareholders of our independent auditors;
- overseeing the work of the independent auditors, including making recommendations to the board of directors and resolving disagreements between the executive board and the independent auditors relating to financial reporting;
- reviewing the independence and quality control procedures of the independent auditors;
- discussing material off-balance sheet transactions, arrangements and obligations with the executive board and the independent auditors;
- reviewing all proposed related-party transactions;
- discussing the annual audited consolidated and statutory financial statements with the executive board;
- annually reviewing and reassessing the adequacy of our audit committee charter;
- meeting separately with the independent auditors to discuss critical accounting policies, recommendations on internal controls, the auditor’s engagement letter and independence letter and other material written communications between the independent auditors and the executive board; and
- attending to such other matters as are specifically delegated to our audit committee by our board of directors from time to time.

Remuneration Committee

Upon the closing of this offering, our remuneration committee will consist of Rafaèle Tordjman, M.D., Ph.D., Martin Olin and Albert Cha, M.D., Ph.D. Each member satisfies the independence requirements of the NASDAQ listing standards. Our remuneration committee will assist our board of directors in reviewing and approving or recommending our compensation structure, including all forms of compensation relating to our board of director and the executive board. As a foreign private issuer, we are not required to have a formal written remuneration committee charter that complies with NASDAQ Rule 5605(d)(1) and, although we have adopted a remuneration committee charter, we will comply with home country practices in lieu of NASDAQ Rule 5605(d)(1). Our remuneration committee will be responsible for, among other things:

- reviewing and making recommendations to our board of directors with respect to compensation of our executive board and members of our board of directors;
- reviewing and approving the compensation, including equity compensation, change-of-control benefits and severance arrangements, of our chief executive officer, chief financial officer and such other members of our executive board as it deems appropriate;

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- overseeing and making recommendations to our board of directors regarding the evaluation of our executive board;
- reviewing periodically and making recommendations to our board of directors with respect to any incentive compensation and equity plans, programs or similar arrangements; and
- attending to such other matters as are specifically delegated to our compensation committee by our board of directors from time to time.

Nominating and Corporate Governance Committee

Upon the closing of this offering, our nominating and corporate governance committee will consist of James I. Healy, M.D., Ph.D. (Chairman), Rafaèle Tordjman, M.D., Ph.D. and Jonathan T. Silverstein. Each member satisfies the independence requirements of the NASDAQ listing standards. Our nominating and corporate governance committee will assist the board of directors in selecting individuals qualified to become our board members and in determining the composition of the board of directors and its committees. Our nominating and corporate governance committee will be responsible for, among other things:

- recommending to our board of directors, persons to be nominated for election or re-election to our board of directors at any meeting of the shareholders;
- overseeing our board of director's annual review of its own performance and the performance of its committees; and
- considering, preparing and recommending to our board of directors a set of corporate governance guidelines.

Code of Business Conduct and Ethics

We have adopted a code of business conduct and ethics that applies to all of our employees, members of our senior management and members of our board of directors, including those members of our senior management responsible for financial reporting. Following the closing of this offering, the code of business conduct and ethics will be available on our website at www.ascendispharma.com. We expect that any amendments to the code, or any waivers of its requirements, will be disclosed on our website. The information on, or that can be accessed through, our website is not part of and should not be incorporated by reference into this prospectus.

Other Corporate Governance Matters

The Sarbanes-Oxley Act of 2002, as well as related rules subsequently implemented by the SEC, requires foreign private issuers, including our company, to comply with various corporate governance practices. In addition, NASDAQ rules provide that foreign private issuers may follow home country practice in lieu of the NASDAQ corporate governance standards, subject to certain exceptions and except to the extent that such exemptions would be contrary to U.S. federal securities laws. In addition to the home country practices described under the heading "Management—Corporate Governance", the home country practices followed by our company *in lieu* of NASDAQ rules are described below:

- We do not intend to follow NASDAQ's quorum requirements applicable to meetings of shareholders. In accordance with Danish corporate law and generally accepted business practice, our articles of association do not provide quorum requirements generally applicable to general meetings of shareholders.
- We do not intend to follow NASDAQ's requirements regarding the provision of proxy statements for general meetings of shareholders. Danish corporate law does not have a regulatory regime for the solicitation of proxies and the solicitation of proxies is not a generally accepted business

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practice in Denmark. We do intend to provide shareholders with an agenda and other relevant documents for the general meeting of shareholders.

- We do not intend to follow NASDAQ's requirements regarding shareholder approval for certain issuances of securities under NASDAQ Rule 5635. Pursuant to Danish corporate law our shareholders have authorized our board of directors to issue securities including in connection with certain events such as the acquisition of shares or assets of another company, the establishment of or amendments to equity-based compensation plans for employees, a change of control of us, rights issues at or below market price, certain private placements and issuance of convertible notes. We intend to take all actions necessary for us to maintain compliance as a foreign private issuer under the applicable corporate governance requirements of the Sarbanes-Oxley Act of 2002, the rules adopted by the SEC and NASDAQ's listing standards. As a Danish company not listed on a regulated market within the EU/EEA, we do not need to comply with the Danish corporate governance principles nor do we need to explain any deviation from these provisions in our Danish statutory annual report.

Because we are a foreign private issuer, our members of our board of directors, executive board members and senior management are not subject to short-swing profit and insider trading reporting obligations under section 16 of the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act. They will, however, be subject to the obligations to report changes in share ownership under section 13 of the Exchange Act and related SEC rules.

Compensation

Compensation of Members of Our Board of Directors and Senior Management

None of our board members received any cash compensation for their services on our board of directors during the fiscal year ended 2014, other than Mr. William Ringo, a former member of our board, who received board fees (cash) in the amount of €6,359 for his board services during the first quarter of 2014 and Mr. Martin Olin who received board fees (cash) in the amount of €16,064 for his membership on our board and €6,024 for his service as the chairman of our audit committee for the second half of 2014. In addition, other than Mr. Olin, none of the members of our board received any warrant grants for their services as board members during 2014. On June 19, 2014, Mr. Olin was granted 25,416 warrants with an exercise price of €7.9962 and an expiration date 21 days following publication of our interim report (six-month report) in 2023. In addition, on November 26, 2014, Mr. Olin was granted 5,084 warrants with an exercise price of €6.4775 and an expiration date 21 days following publication of our interim report (nine-month report) in 2023. The Company's aggregate 2014 share-based expense for warrants made to our board members for their services as board members was €65,345, consisting of the 2014 expense of the warrant granted to Mr. Olin in 2014 and prior-year grants of warrants made to board members for their board services. In addition, in connection with his consulting services following the termination of his services on our board, Mr. Ringo received consulting fees of €22,581 in 2014 and on November 26, 2014 was granted 5,080 warrants with an exercise price of €6.4775 and expiration date 21 days following publication of our interim report (nine-month report) in 2023.

The primary objective of our senior management's compensation program is to attract, motivate, reward and retain the managerial talent needed to achieve our business objectives. In addition, the compensation program is intended to compensate all employees at competitive market rates, while recognizing extraordinary accomplishments. In addition, compensation arrangements for our senior management have been designed to align a portion of their compensation with the achievement of our business objectives and growth strategy. Bonus payments for our senior management are determined with respect to a given year based on quantitative and qualitative goals set for our company as a whole, as well as on an individual basis. Once the results of the year are known, bonus payments are determined at the discretion of our board and, with respect to senior management reporting to the CEO, in light of recommendations made by the CEO.

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The aggregate compensation paid to our senior management who were employed by our company during 2014, consisting of Messrs. Mikkelsen, Jensen, Peter Rasmussen and Soloway, Ms. Sønderbjerg and Drs. Auster, Grethe Rasmussen and Rau, for the fiscal year ended December 31, 2014 was approximately €3.6 million. This amount consists of: (i) short-term employee benefits including salary and other in-kind benefits of approximately €2.2 million, (ii) bonuses of €0.4 million, (iii) share-based payments of approximately €1.0 million, and (iv) post-employment benefits of €1,200. Share-based payments reflect the 2014 expenses of warrants granted in or before 2014. During 2014, the board made the following warrant grants to members of our senior management:

Name	Grant Date	Awards Granted	Award Exercise Price(s)	Award Expiration Date
Jan Møller Mikkelsen	November 26, 2014	191,624	€6.4775	21 days following our interim report (nine-month report) in 2023.
Thomas P. Soloway	January 16, 2014	130,592	€7.9962	21 days following our interim report (six-month report) in 2023.
	November 26, 2014	26,120	€6.4775	21 days following our interim report (nine-month report) in 2023.
Michael Wolff Jensen	November 26, 2014	35,452	€6.4775	21 days following our interim report (nine-month report) in 2023.
Harald Rau	November 26, 2014	105,916	€6.4775	21 days following our interim report (nine-month report) in 2023.
Martin Auster	June 19, 2014	130,592	€7.9962	21 days following our interim report (six-month report) in 2023.
	November 26, 2014	26,120	€6.4775	21 days following our interim report (nine-month report) in 2023.
Lotte Sønderbjerg	November 26, 2014	23,636	€6.4775	21 days following our interim report (nine-month report) in 2023.
Grethe Rasmussen	November 26, 2014	23,636	€6.4775	21 days following our interim report (nine-month report) in 2023.
Peter Rasmussen	March 6, 2014	28,000	€7.9962	21 days following our interim report (six-month report) in 2023.
	November 26, 2014	5,600	€6.4775	21 days following our interim report (nine-month report) in 2023.

The total amount set aside or accrued by us to provide pension, retirement or similar benefits for the members of our board of directors and members of senior management for the year ended December 31, 2014 was €0.

Senior Management Agreements

We have entered into employment or service agreements with our senior management. The employment agreement with Mr. Mikkelsen contains a termination notice period of six months for a termination by Mr. Mikkelsen and 12 months' for a termination by us. It also provides that during the 12-month period following a change of control ("change in control period"), we may only terminate Mr. Mikkelsen's employment

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with 18 months' notice. In addition, if during the change in control period, the position and responsibilities of Mr. Mikkelsen are changed (excluding insignificant changes), Mr. Mikkelsen will be entitled to regard his employment as having been terminated by us with 12 months' notice.

The agreements with Mr. Jensen, Ms. Sønderbjerg and Dr. Grethe Rasmussen contain a termination notice period of three months for a termination by the employee and six months for a termination by us (except that in the case of Ms. Sønderbjerg and Dr. Grethe Rasmussen, the notice period may be no less than the notice required pursuant to the rules of the Danish Salaried Employees Act with the addition of two months). The agreement with Mr. Peter Rasmussen contains a termination notice period of one month for a termination by the employee and three months for a termination by us (except that the notice period may be no less than the notice required pursuant to the rules of the Danish Salaried Employees Act). The agreement with Dr. Rau contains a termination notice period of six months for a termination by the employee or by us (other than in the case of a termination for good cause which does not require notice). The employment agreements with Messrs. Soloway and Auster provide that in the event of nonrenewal of their respective employment agreements, a termination without cause by us or a termination for good reason by the employee, each will be entitled to six months' continued salary and benefits. Messrs. Soloway and Auster are also entitled to 12 months continued salary and benefits where such termination occurs as a result of or within 12 months following an initial public offering. The agreements with certain of our senior management contain post-termination non-competition covenants that generally may last for a period of 12 months post-termination and entitle the executives to their base salary, or portion thereof, during the period.

Warrant Incentive Program

Our employees, consultants, advisors and board members are eligible to participate in our warrant incentive program. Warrants have been issued by the board pursuant to valid authorizations in our articles of association or by the shareholders acting in general meeting. The terms and conditions of the warrants have, in accordance with applicable Danish laws and regulations, been incorporated into our articles of association. Each warrant grants the holder the right to subscribe for one ordinary share against cash payment of the exercise price. The exercise price is determined by our board of directors and historically has not been less than the estimated fair value of our ordinary shares on the date of grant. Following this offering, our board will be authorized to issue an additional 5,000,000 warrants in the period ending December 31, 2019; however, warrants cannot be issued to the extent that outstanding and non-exercised warrants issued under that authorization are equal to 20% or more of our Company's registered share capital.

The grant of warrants to any participant is at the discretion of our board of directors and based on the recommendation of our management. The board may determine the terms and conditions of the warrants issued, including exercise periods, subscription price and adjustments caused by changes to our company's situation.

Subject to earlier vesting upon the occurrence of certain exit events, warrants granted under the program since December 2012 generally vest 1/48th per month from the date of grant subject to continued service (previously 1/36th per month for employees and 1/24th per month from the date of grant for board members). With respect to employees, in the event that a holder resigns due to our breach of employment terms or we terminate the employment relationship and the holder has not given us good reason to do so, the warrants will continue to vest post-termination in accordance with the same vesting schedule.

Following the closing of this offering, vested warrants may be exercised in two annual exercise periods that run for 21 days from and including the day after the publication of (i) the annual report notification—or if such notification is not published—the annual report and (ii) our interim report (six-month report). However, 566,504 warrants granted in connection with the preference D financing may be exercised in four annual exercise periods that run for 21 days following the day of publication of (i) our interim report (three-month report); (ii) the annual report notification—or if such notification is not published—the annual report; (iii) our interim report (six-month report); and (iv) our interim report (nine-month report). For all of our warrants, no warrants can be exercised before 21 days from and including the day after the publication of our interim financial report for the first quarter of 2015.

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With respect to 1,247,644 outstanding warrants, the last exercise period is 21 days from and including the day after the publication of our interim report for the first half of 2015 and for 1,185,676 warrants, 21 days from and including the day after the publication of our interim report for the first half of 2023. For 566,504 warrants, the last exercise period is 21 days following the publication of our interim report (nine-month report) in 2023.

For further information regarding our warrant incentive program, see “Description of Share Capital—Our Warrants” and our articles of association which have been filed as an exhibit to the registration statement of which this prospectus forms a part.

The table below sets forth information regarding outstanding warrants held by those members of our board of directors and senior management who assuming the exercise of warrants beneficially own 1% or more of our total outstanding ordinary shares as of December 31, 2014. Dr. Tordjman, and Messrs. de Graaf and Mayer, who may be deemed to beneficially own more than 1% of our outstanding ordinary shares, did not hold any warrants as of December 31, 2014.

Name	Grant Date	Awards granted and outstanding	Awards granted and outstanding, but unvested as of March 1, 2015	Award Exercise Price(s)	Award Expiration Date
Jan Møller Mikkelsen	December 3, 2012	319,372	146,379	€ 7.9962	21 days following our interim report (six-month report) in 2023
	November 26, 2014	191,624	179,648	€ 6.4775	21 days following our interim report (nine-month report) in 2023
Dr. Harald Rau	September 10, 2008	121,400	—	€ 2.6483	21 days following our interim report (six-month report) in 2015
	March 19, 2009	60,416	—	€ 2.6483	21 days following our interim report (six-month report) in 2015
	December 3, 2012	176,528	69,876	€ 7.9962	21 days following our interim report (six-month report) in 2023
	November 26, 2014	105,916	99,297	€ 6.4775	21 days following our interim report (nine-month report) in 2023

Insurance and Indemnification

According to the Danish Companies Act, the general meeting is allowed to discharge our board members and members of our senior management from liability for any particular financial year based on a resolution relating to the financial statements. This discharge means that the general meeting will discharge such board members and members of our senior management from liability to our company; however, the general meeting cannot discharge any claims by individual shareholders or other third parties.

Additionally, we intend to enter into agreements with our board members and members of our senior management, pursuant to which, subject to limited exceptions, we will agree to indemnify such board members and members of our senior management from civil liability, including (i) any damages or fines payable by them as a result of an act or failure to act in the exercise of their duties currently or previously performed by them; (ii) any reasonable costs of conducting a defense against a claim; and (iii) any reasonable costs of appearing in other legal proceedings in which such individuals are involved as current or former board members or members of our senior management.

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There is a risk that such agreement will be deemed void under Danish law, either because the agreement is deemed contrary to the rules on discharge of liability in the Danish Companies Act, as set forth above, because the agreement is deemed contrary to sections 19 and 23 of the Danish Act on Damages, which contain mandatory provisions on recourse claims between an employee (including members of our senior management) and the company, or because the agreement is deemed contrary to the general provisions of the Danish Contracts Act.

In addition to such indemnification, we provide our board members and senior management with directors' and officers' liability insurance.

Insofar as indemnification of liabilities arising under the Securities Act may be permitted to board members and senior management or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following is a description of related party transactions we have entered into since January 1, 2012 with any of our board members, our senior management and the owners of more than five percent of our share capital.

Sales and Subscriptions for Securities

Issuance of Preference D Shares

In November 2014, we issued an aggregate of 6,133,832 preference D shares at \$9.7818 per share, for aggregate gross consideration of \$59,999,974.

The table below sets forth the number of preference D shares, and the aggregate subscription price of the preference D shares issued to the members of our board of directors, senior management and the owners of more than five percent of a class of our share capital, or an affiliate or immediate family member thereof:

<u>Name</u>	<u>Number of Preference D Shares</u>	<u>Aggregate Subscription Price (\$)</u>
Sofinnova Venture Partners IX, L.P.(1)	1,226,768	12,000,010
OrbiMed Private Investments V, L.P.	1,226,768	12,000,010
Entities Affiliated with Vivo Ventures(2)	1,022,304	9,999,983
Sofinnova Capital V FCPR(3)	511,152	4,999,991

(1) James I. Healy, M.D., Ph.D., a member of our board of directors, is a general partner of Sofinnova Ventures.

(2) Albert Cha, M.D., Ph.D., a member of our board of directors, is a managing partner of Vivo Capital.

(3) Rafaèle Tordjman, M.D., Ph.D., a member of our board of directors, is a managing partner of Sofinnova Partners.

Participation in this Offering

Certain of our existing institutional investors, including investors affiliated with certain of our board members, have indicated an interest in purchasing an aggregate of approximately \$22.0 million of the ADSs in this offering at the initial public offering price. Assuming an initial public offering price of \$17.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, these investors would purchase an aggregate of approximately 1,294,118 of the 5,000,000 ADSs in this offering based on these indications of interest. However, because indications of interest are not binding agreements or commitments to purchase ADSs, these investors may determine to purchase more or fewer ADSs than they indicate an interest in purchasing or not to purchase any ADSs in this offering. In addition, the underwriters could determine to sell more or fewer ADSs to any of these investors than the investors indicate an interest in purchasing or not to sell any ADSs to these investors.

Restated and Amended Shareholders' Agreement

We have entered into a restated and amended shareholders' agreement with the holders of our preference D shares, preference C shares, preference B shares, and ordinary A shares, including entities with which certain members of our board of directors are affiliated. The shareholders' agreement provides for, among other things, a right of first refusal in favor of our shareholders and certain anti-dilution protections for holders of preference C and preference D shares. The shareholders' agreement also provides for the right of certain holders of preference C and preference D shares to elect certain members of our board of directors. The shareholders' agreement and all of the rights therein will terminate upon the closing of this offering.

Registration Rights Agreement

We have entered into a registration rights agreement with the holders of our preference D shares, including entities with which certain members of our board of directors are affiliated. Unless our ordinary shares are listed on a national securities exchange or trading system and a market for our ordinary shares not held in the form of ADSs exists, any registrable securities sold pursuant to an exercise of the registration rights will be sold in the form of ADSs. As of December 31, 2014, the holders of approximately 6.1 million of our ordinary shares, including the ordinary shares following the conversion of our preference D shares, are entitled to rights with respect to the registration of their shares under the Securities Act. For a more detailed description of these registration rights, see “Description of Share Capital—Registration Rights.”

Employment Agreement and Warrant Grants

We have entered into employment agreement with, and issued warrants to, the members of our senior management. See “Management—Compensation” and “Management—Warrant Incentive Program” for more information.

Indemnification Agreements

We intend to enter into indemnification agreements with our board members and the members of our senior management. See “Management—Insurance and Indemnification” for a description of these indemnification agreements.

PRINCIPAL SHAREHOLDERS

The following table sets forth information relating to the beneficial ownership of our shares as of December 31, 2014, by:

- each person, or group of affiliated persons, known by us to beneficially own more than 5% of our outstanding ordinary shares;
- each of our board members; and
- each member of our senior management, including members of our executive board.

The number of shares beneficially owned by each entity, person, member of our board of directors or senior management is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to subscribe for within 60 days of December 31, 2014 through the exercise of any warrants or other rights. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares owned by that person.

The percentage of shares beneficially owned is computed on the basis of 16,935,780 ordinary shares outstanding as of December 31, 2014, which reflects the assumed conversion of all of our preference shares and ordinary A shares. Ordinary shares that a person has the right to subscribe for within 60 days of December 31, 2014 are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person. Additionally, a person is considered to have the right to subscribe for ordinary shares which are subject to outstanding warrants and vested within 60 days of December 31, 2014, although such warrants may only be exercised in two annual exercise periods. See “Description of Share Capital—Our Warrants—Exercise Periods” for more information. Unless otherwise indicated below, the address for each beneficial owner listed is c/o Ascendis Pharma A/S, at Tuborg Boulevard 12, DK-2900 Hellerup, Denmark.

Certain of our existing institutional investors, including investors affiliated with certain of our board members, have indicated an interest in purchasing an aggregate of approximately \$22.0 million of our ADSs in this offering at the initial public offering price. Assuming an initial public offering price of \$17.00 per ADS, which is the midpoint of the price range set forth on the cover page of this prospectus, these investors would purchase an aggregate of approximately 1,294,118 of the 5,000,000 ADSs in this offering based on these indications of interest. However, because indications of interest are not binding agreements or commitments to purchase ADSs, these investors may determine to purchase more or fewer ADSs than they indicate an interest in purchasing or not to purchase any ADSs in this offering. In addition, the underwriters could determine to sell more or fewer ADSs to any of these investors than the investors indicate an interest in purchasing or not to sell any ADSs to these investors. The following table reflects the potential subscriptions by these existing investors, based on an assumed initial public offering price of \$17.00 per ADS.

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Name and Address of Beneficial Owner	Beneficial Ownership Prior to this Offering				Beneficial Ownership After this Offering	
	Number of Outstanding Shares Beneficially Owned	Number of Warrants Exercisable Within 60 Days	Number of Shares Beneficially Owned	Percentage of Beneficial Ownership	Number of Shares Beneficially Owned	Percentage of Beneficial Ownership
5% and Greater Shareholders						
Sofinnova Capital V FCPR ⁽¹⁾	5,396,988	—	5,396,988	31.9%	5,691,105	25.9%
Gilde Healthcare II Sub-Holding B.V. ⁽²⁾	2,859,136	—	2,859,136	16.9%	2,859,136	13.0%
Zweite TechnoStart Ventures Fonds GmbH & Co. KG i.L. ⁽³⁾	1,763,276	—	1,763,276	10.4%	1,763,276	8.0%
Sofinnova Venture Partners IX, L.P. ⁽⁴⁾	1,226,768	—	1,226,768	7.2%	1,579,709	7.2%
OrbiMed Private Investments V, L.P. ⁽⁵⁾	1,226,768	—	1,226,768	7.2%	1,579,709	7.2%
Entities affiliated with Vivo Ventures ⁽⁶⁾	1,022,304	—	1,022,304	6.0%	1,316,421	6.0%
Board Members and Senior Management						
Jan Møller Mikkelsen ⁽⁷⁾	638,740	184,969	823,709	4.8%	823,709	3.7%
Dr. Harald Rau ⁽⁸⁾	171,240	288,468	459,708	2.7%	459,708	2.1%
Michael Wolff Jensen ⁽⁹⁾	—	130,300	130,300	*	130,300	*
Grethe Rasmussen, Ph.D. ⁽¹⁰⁾	—	105,680	105,680	*	105,680	*
Lotte Sønderbjerg ⁽¹¹⁾	—	105,680	105,680	*	105,680	*
Thomas P. Soloway ⁽¹²⁾	—	37,000	37,000	*	37,000	*
Martin Auster, M.D. ⁽¹³⁾	—	23,397	23,397	*	23,397	*
Peter Rasmussen ⁽¹⁴⁾	—	6,766	6,766	*	6,766	*
Rafaèle Tordjman, M.D., Ph.D. ⁽¹⁾	5,396,988	—	5,396,988	31.9%	5,691,105	25.9%
Edwin de Graaf ⁽²⁾	2,859,136	—	2,859,136	16.9%	2,859,136	13.0%
Michael Mayer ⁽³⁾	1,763,276	—	1,763,276	10.4%	1,763,276	8.0%
Martin Olin ⁽¹⁵⁾	—	5,083	5,083	*	5,083	*
James I. Healy, M.D., Ph.D. ⁽⁴⁾	1,226,768	—	1,226,768	7.2%	1,579,709	7.2%
Jonathan T. Silverstein, J.D.	—	—	—	—	—	*
Albert Cha, M.D., Ph.D. ⁽⁶⁾	1,022,304	—	1,022,304	6.0%	1,316,421	6.0%

* Indicates beneficial ownership of less than 1% of the total outstanding ordinary shares.

- (1) Consists of (i) 4,885,836 ordinary shares following conversion of preference C shares and (ii) 511,152 ordinary shares following conversion of preference D shares held by Sofinnova Capital V FCPR. Also includes 294,117 ADSs representing which this shareholder has indicated an interest in purchasing in this offering, based on an assumed initial public offering price of \$17.00 per ADS. Sofinnova Partners SAS, a French corporation and the management company of Sofinnova Capital V FCPR, may be deemed to have sole voting and investment power, and the managing partners of Sofinnova Partners SAS, Dennis Lucquin, Antoine Papiemik, Dr. Tordjman and Monique Saulnier, may be deemed to have shared voting and investment power with respect to such shares. The address of Sofinnova Capital V FCPR is 16-18 Rue du Quatre-Septembre, 75002 Paris, France.
- (2) Consists of 2,859,136 ordinary shares following conversion of preference C shares held by Gilde Healthcare II Sub-Holding B.V., or Gilde Healthcare. The manager of Gilde Healthcare is Gilde Healthcare II Management B.V., or Gilde Management, and Gilde Management is owned by Gilde Healthcare Holding B.V., or Gilde Holding. Three managing partners, via their personal holding companies Manapouri B.V. (of which Edwin de Graaf is the owner and manager), Charlofix B.V. (of which Marc Olivier Perret is the owner and manager) and Martemanshurk B.V. (of which Pieter van der Meer is the owner and manager) each own interests in Gilde Holding and Stichting Administratiekantoor Gilde Healthcare Holding, or

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Stichting, owns interests in Gilde Holding. Stichting is controlled by Manapouri B.V., Charlofix B.V. and Martemanshurk B.V. and issued depository receipts for shares in Gilde Holding to Manapouri B.V., Charlofix B.V., Martemanshurk B.V. and Franken Ventures B.V. (of which Arthur Franken is owner and manager). Each of Mr. de Graaf, Mr. Perret and Mr. van der Meer share voting and dispositive power of the shares, and disclaim beneficial ownership of the shares except to the extent of their respective pecuniary interest therein. The address of Gilde Healthcare II Sub-Holding B.V. is Newtonlaan 91, 3584 BP, Utrecht, The Netherlands.

- (3) Consists of (i) 1,099,932 ordinary shares following conversion of preference B shares and (ii) 663,344 ordinary shares following conversion of preference C shares held by Zweite TechnoStart Ventures Fonds GmbH & Co. KG i.L., or TechnoStart. Mr. Mayer is the managing director of Zweite TechnoStart Ventures Verwaltungs GmbH, which is the general partner of TechnoStart, and as such Mr. Mayer exercises voting and dispositive control over the shares in Ascendis Pharma held by TechnoStart. The address of TechnoStart Ventures is Kernaeckerstr. 5, 71732 Tamm, Germany.
- (4) Consists of 1,226,768 ordinary shares following conversion of preference D shares held by Sofinnova Venture Partners IX, L.P. (“SVP IX”). Also includes 352,941 ADSs which this shareholder has indicated an interest in purchasing in this offering, based on an assumed initial public offering price of \$17.00 per ADS. Sofinnova Management IX, L.L.C. (“SM IX”), the general partner of SVP IX, may be deemed to have sole voting and dispositive power, and Dr. Healy, Michael F. Powell, Ph.D., Srinivas Akkaraju and Anand Mehra, the managing members of SM IX, may be deemed to have shared voting and dispositive power, with respect to such shares. Such persons and entities disclaim beneficial ownership of the shares listed herein, except to the extent of any pecuniary interest therein. The address of SVP IX is c/o Sofinnova Ventures, Inc., 3000 Sand Hill Road, Bldg. 4, Suite 250, Menlo Park, California 94025.
- (5) Consists of 1,226,768 ordinary shares following conversion of preference D shares held by OrbiMed Private Investments V, LP (“OPI V”). OrbiMed Capital GP V LLC (“GP V”) is the sole general partner of OPI V. Also includes 352,941 ADSs which this shareholder has indicated an interest in purchasing in this offering, based on an assumed initial public offering price of \$17.00 per ADS. OrbiMed Advisors LLC (“OrbiMed”) is the sole managing member of GP V. OrbiMed and GP V may be deemed to have beneficial ownership of the securities owned by OPI V by virtue of such relationships and the authority of GP V to direct the vote and disposition of the securities held by OPI V. Samuel D. Isaly may be deemed to have beneficial ownership of the securities owned by OPI V as the holder of a controlling interest in OrbiMed. GP V, OrbiMed and Mr. Isaly disclaim beneficial ownership of the shares listed herein, except to the extent of its or his pecuniary interest therein, if any. The address of OPI V is 601 Lexington Avenue, New York, NY 10022.
- (6) Consists of (i) 1,000,500 ordinary shares following conversion of preference D shares held by Vivo Ventures Fund VII, LP (“Vivo VII LP”) and (ii) 21,804 ordinary shares following conversion of preference D shares held by Vivo Ventures VII Affiliates Fund, LP (“Vivo VII Affiliates LP”). Also includes 294,117 ADSs which this shareholder has indicated an interest in purchasing in this offering, based on an assumed initial public offering price of \$17.00 per ADS. Vivo Ventures VII, LLC (“Vivo VII LLC”) is the sole general partner of each of Vivo VII LP and Vivo VII Affiliates LP. The managing members of Vivo VII LLC are Drs. Albert Cha, Edgar Engleman and Frank Kung and may be deemed to have shared voting and dispositive power over the shares listed herein. Drs. Cha, Engleman and Kung disclaim beneficial ownership of such shares, except to the extent of any pecuniary interest therein. The address for each of Vivo VII LP and Vivo VII Affiliates LP is 575 High Street, Suite 201, Palo Alto, CA 94301.
- (7) Consists of (i) 638,740 ordinary shares following conversion of ordinary A shares held by Mr. Mikkelsen and (ii) 184,969 ordinary shares that may be subscribed pursuant to the exercise of warrants within 60 days of December 31, 2014 by Mr. Mikkelsen.
- (8) Consists of (i) 171,240 ordinary shares following conversion of ordinary A shares held by Dr. Rau and (ii) 288,468 ordinary shares that may be subscribed pursuant to the exercise of warrants within 60 days of December 31, 2014 by Dr. Rau.
- (9) Consists of 130,300 ordinary shares that may be subscribed pursuant to the exercise of warrants within 60 days of December 31, 2014 by Mr. Jensen.

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- (10) Consists of 105,680 ordinary shares that may be subscribed pursuant to the exercise of warrants within 60 days of December 31, 2014 by Dr. Rasmussen.
- (11) Consists of 105,680 ordinary shares that may be subscribed pursuant to the exercise of warrants within 60 days of December 31, 2014 by Ms. Sønderbjerg.
- (12) Consists of 37,000 ordinary shares that may be subscribed pursuant to the exercise of warrants within 60 days of December 31, 2014 by Mr. Soloway.
- (13) Consists of 23,397 ordinary shares that may be subscribed pursuant to the exercise of warrants within 60 days of December 31, 2014 by Dr. Auster.
- (14) Consists of 6,766 ordinary shares that may be subscribed pursuant to the exercise of warrants within 60 days of December 31, 2014 by Mr. Rasmussen.
- (15) Consists of 5,083 ordinary shares that may be subscribed pursuant to the exercise of warrants within 60 days of December 31, 2014 by Mr. Olin.

As of December 31, 2014, there were 16 holders of record entered in our share register, of which 10 were U.S. residents, holding 35.8% of our outstanding ordinary shares. The number of individual holders of record is based exclusively upon our share register and does not address whether a share or shares may be held by the holder of record on behalf of more than one person or institution who may be deemed to be the beneficial owner of a share or shares in our company.

DESCRIPTION OF SHARE CAPITAL

Introduction

Set forth below is a summary of certain information concerning our share capital as well as a description of certain provisions of our articles of association and relevant provisions of the Danish Companies Act. The summary includes certain references to and descriptions of material provisions of our articles of association to be effective in connection with the consummation of this offering and Danish law in force as of the date of this prospectus. The summary below contains only material information concerning our share capital and corporate status and does not purport to be complete and is qualified in its entirety by reference to our articles of association and applicable Danish law. Further, please note that as an ADS holder you will not be treated as one of our shareholders and will not have any shareholder rights.

General

Our company was incorporated on September 21, 2006 as a private limited liability company (DK: *anpartsselskab*) under Danish law and is registered with the Danish Business Authority (DK: *Erhvervsstyrelsen*) in Copenhagen, Denmark under registration number 29918791. Our company's headquarters and registered office is Tuborg Boulevard 12, DK-2900 Hellerup. On December 17, 2007, our company was converted into a public limited liability company (DK: *aktieselskab*).

Development of the Share Capital

As of December 31, 2013 our registered, issued and outstanding share capital was 10,801,948 divided into 1,293,700 ordinary A shares, 1,099,932 preference B shares and 8,408,316 preference C shares and as of December 31, 2014, our registered, issued and outstanding share capital was 16,935,780 divided into 1,293,700 ordinary A shares, 1,099,932 preference B shares, 8,408,316 preference C shares and 6,133,832 preference D shares. In connection with the closing of this offering, all of our outstanding shares will be converted, on a one-for-one basis, to ordinary shares pursuant to a resolution by the general meeting. The development of our share capital since our inception is set forth in the table below.

Date	Transaction	Share Capital After Transaction	Share Class after the Increase	Price Per Share (EUR)
September 2006	Formation	500,000		0.0350
November 2007	Cash contribution	638,740	1,293,700 ordinary A shares 1,099,932 preference B shares	0.0350
December 2007	Cash contribution Contribution in kind	6,070,032	3,676,400 preference C shares 1,293,700 ordinary A shares 1,099,932 preference B shares	2.6483
December 2008	Cash contribution	9,090,908	6,697,276 preference C shares 1,293,700 ordinary A shares 1,099,932 preference B shares	2.6483
June 2010	Debt conversion	10,105,560	7,711,928 preference C shares 1,293,700 ordinary A shares 1,099,932 preference B shares	2.6483
May 2011	Debt conversion	10,801,948	8,408,316 preference C shares 1,293,700 ordinary A shares 1,099,932 preference B shares 8,408,316 preference C shares	7.9962
November 2014	Cash contribution	16,935,780	6,133,832 preference D shares	8.0602

Authorizations to the Board of Directors

Our board of directors is authorized to increase the share capital as follows:

- Our board of directors is authorized to increase our share capital by up to 12,000,000 shares without pre-emptive subscription rights for our existing shareholders in connection with this offering and this authorization is applicable until May 31, 2015.
- Following this offering, our board of directors will be authorized to increase our share capital (i) by up to 15,000,000 shares without pre-emptive subscription rights for existing shareholders in connection with cash contributions, debt conversion and contributions in kind provided, however, that the capital increases are carried out at market value and (ii) by up to 15,000,000 shares, with pre-emptive subscription rights for existing shareholders in connection with cash contributions. The aggregate capital increase that our board of directors may decide upon pursuant to these two authorizations cannot exceed 25,000,000 shares.
- Following this offering, our board of directors will be authorized to issue 5,000,000 warrants and to increase our share capital by up to 5,000,000 without pre-emptive subscription rights for existing shareholders in connection with the exercise, if any, of said warrants and to determine the terms and conditions thereof. Our board of directors cannot issue warrants pursuant to this authorization to the extent that already issued and still outstanding warrants under this authorization amount to 20% or more of our company's share capital.
- Following this offering, our board of directors will, without pre-emptive rights for the existing shareholders, be authorized to obtain loans against issuance of convertible bonds which confer the right to subscribe up to 5,000,000 shares. The convertible bonds shall be offered at a subscription price and a conversion price that correspond in aggregate to at least the market price of the shares at the time of the decision of our board of directors. The loans shall be paid in cash and our board of directors shall determine the terms and conditions for the convertible bonds.

The above authorizations are valid until December 31, 2019, except for the authorization to issue shares in connection with this offering. If our board of directors exercises its authorizations in full, and all warrants and convertible debt instruments are exercised fully (not including already issued warrants), then our share capital will amount to 63,935,780 shares consisting of 63,935,780 shares with a nominal value of DKK 1 each, following this offering and assuming full exercise of the underwriters' option to purchase additional ADSs.

At the extraordinary general meeting held on January 23, 2015, our board of directors was authorized to allow our company to acquire up to 1,000,000 shares of our share capital as treasury shares at a price corresponding to +/-10% of the listed share price at the time of the acquisition. The authorization is valid until December 31, 2019. The authorization can be used to purchase treasury shares directly and/or to acquire ADSs. As of the date of this prospectus, we have not used this authorization.

Our Shares

We intend to apply to have the ADSs listed on The NASDAQ Global Market under the symbol "ASND."

Initial settlement of the ADSs issued in this offering will take place on the consummation date of this offering through The Depository Trust Company, or DTC, in accordance with its customary settlement procedures for equity securities. Each person owning ADSs held through DTC must rely on the procedures thereof and on institutions that have accounts therewith to exercise any rights of a holder of the ADSs.

[Table of Contents](#)**Our Warrants**

We have established warrant programs for members of our board of directors, our senior management, other employees, consultants and advisors.

As of December 31, 2014, we have issued and outstanding 2,999,824 warrants to subscribe for our ordinary shares. Each warrant confers the right to subscribe for 1 ordinary share. Our warrants have previously been granted, on the dates, and with exercise prices as set forth below:

<u>Grant Date</u>	<u>Vesting Period</u>	<u>Expiration Date</u>	<u>Exercise Price</u>	<u>Number of Warrants</u>
September 10, 2008	24 - 36 months	21 days following our interim report (six-month report) in 2015	€ 2.6483	623,880
March 19, 2009	24 - 36 months	21 days following our interim report (six-month report) in 2015	€ 2.6483	331,020
December 9, 2009	24 - 36 months	21 days following our interim report (six-month report) in 2015	€ 2.6483	170,576
December 13, 2011	36 months	21 days following our interim report (six-month report) in 2015	€ 7.9962	56,168
October 8, 2012	36 months	21 days following our interim report (six-month report) in 2015	€ 7.9962	66,000
December 3, 2012	48 months	21 days following our interim report (six-month report) in 2023	€ 7.9962	690,604
March 19, 2013	48 months	21 days following our interim report (six-month report) in 2023	€ 7.9962	28,400
June 27, 2013	48 months	21 days following our interim report (six-month report) in 2023	€ 7.9962	87,488
September 24, 2013	48 months	21 days following our interim report (six-month report) in 2023	€ 7.9962	38,584
December 5, 2013	48 months	21 days following our interim report (six-month report) in 2023	€ 7.9962	12,000
January 16, 2014	48 months	21 days following our interim report (six-month report) in 2023	€ 7.9962	132,592
March 6, 2014	48 months	21 days following our interim report (six-month report) in 2023	€ 7.9962	28,000
June 19, 2014	48 months	21 days following our interim report (six-month report) in 2023	€ 7.9962	168,008
November 26, 2014	48 months	21 days following our interim report (nine-month report) in 2023	€ 6.4775	566,504

On September 26, 2014, our board of directors cancelled warrants to subscribe for 19,580 of our ordinary shares which were held by individuals who no longer perform services for us.

The weighted average subscription price per share per outstanding warrant is approximately €5.7030 (\$6.9211).

Vesting Principles Generally

All warrants have been issued by the general meeting or by our board of directors pursuant to valid authorizations in our articles of association and the terms and conditions have, in accordance with the Danish Companies Act, been incorporated in our articles of association. The description below merely contains a summary of the applicable terms and conditions and does not purport to be complete. Warrants issued vest, in general, at a rate of 1/24th, 1/36th or 1/48th per month from the date of grant. Some warrants have, however, been

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deemed vested in part upon grant. Moreover, all warrants vest fully in the event that we are merged as the discontinuing company or demerged or if more than 50% of our share capital is sold or is part of a share swap. The warrants issued are subject to certain restrictions on exercise as further described below.

Vesting and Exercise Principles for the Senior Management and Employees

Warrants cease to vest upon termination of the warrant holder's employment relationship with us in the event that (i) a warrant holder resigns without this being due to our breach of contract or (ii) if we terminate the employment relationship with cause. In these instances the warrant holder will be entitled to exercise already vested warrants in the first exercise period after termination. If the first exercise period after termination falls within three months of the termination date, the warrant holder shall, additionally, be entitled to exercise in the following exercise period. In all other instances of termination, warrants continue to vest as they would normally have vested had the employee remained employed.

Vesting Principles for Board Members, Consultants and Advisors

Vesting of warrants issued to board members, consultants and advisors is conditional upon the warrant holder's continuous service as a board member, consultant or advisor, respectively.

Exercise Periods

Following the closing of this offering, vested warrants may be exercised in two annual exercise periods that run for 21 days from and including the day after the publication of (i) the annual report notification—or if such notification is not published—the annual report and (ii) our interim report (six-month report). However, 566,504 warrants granted in connection with the preference D financing may be exercised in four annual exercise periods that run for 21 days following the day of publication of (i) our interim report (three-month report); (ii) the annual report notification—or if such notification is not published—the annual report; (iii) our interim report (six-month report); and (iv) our interim report (nine-month report). For all of our warrants, no warrants can be exercised before 21 days from and including the day after the publication of our interim financial report for the first quarter of 2015. With respect to 1,247,644 outstanding warrants, the last exercise period is 21 days from and including the day after the publication of our interim report for the first half of 2015 and for 1,185,676 warrants, 21 days from and including the day after the publication of our interim report for the first half of 2023. For 566,504 warrants, the last exercise period is 21 days following the publication of our interim report (nine-month report) in 2023.

In the event of liquidation, a merger, a demerger or a sale or share exchange of more than 50% of our share capital, the warrant holders may be granted an extraordinary exercise period immediately prior to the transaction in which warrants may be exercised.

Adjustments

Warrant holders are entitled to an adjustment of the number of warrants issued and/or the exercise price applicable in the event of certain changes to our share capital at a price other than the market price and in the event of payments of dividends in a given year in excess of 10% of our equity capital. Events giving rise to an adjustment include, among other things, increases or decreases to our share capital at a price below or above market value, respectively, and issuance of bonus shares.

For the purpose of implementing the capital increases necessary in connection with the exercise of warrants, our board of directors has been authorized to increase our share capital by one or more issuances of shares with a total nominal value corresponding to the number of warrants issued upon cash payment of the exercise price without any pre-emptive subscription rights to existing shareholders.

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Registration Rights

Under our registration rights agreement, as of December 31, 2014, the holders of approximately 6.1 million of our ordinary shares, including the ordinary shares following the conversion of our preference D shares, or their transferees, have the right to require us to register their shares under the Securities Act so that those shares or ADSs may be publicly resold, or to include their shares or ADSs in certain registration statements we file, in each case as described below.

Unless our ordinary shares are listed on a national securities exchange or trading system and a market for our ordinary shares not held in the form of ADSs exists, any registrable securities sold pursuant to an exercise of the registration rights will be sold in the form of ADSs.

Form F-3 Registration Rights

As of December 31, 2014, after the consummation of this offering, the holders of approximately 6.1 million of our ordinary shares, including the ordinary shares following the conversion of our preference D shares, or their transferees, will be entitled to certain Form F-3 registration rights. The holders of at least 25% of these shares can make a request that we register their shares or ADSs on Form F-3 if we are eligible to file a registration statement on Form F-3 and if the aggregate price to the public of the shares or ADSs offered is at least \$5.0 million (net of underwriting discounts and commissions and certain expenses). Additionally, we will not be required to effect a Form F-3 registration (i) during the period beginning 30 days prior to the filing and ending 90 days following the effectiveness of a company-initiated registration statement or (ii) more than twice within a twelve-month period.

Piggyback Registration Rights

As of December 31, 2014, after the consummation of this offering, in the event that we determine to register any of our securities under the Securities Act (subject to certain exceptions), either for our own account or for the account of other security holders, the holders of approximately 6.1 million of our ordinary shares, including the ordinary shares following the conversion of our preference D shares, or their transferees, will be entitled to certain “piggyback” registration rights allowing the holders to include their shares or ADSs in such registration, subject to certain marketing and other limitations. As a result, whenever we propose to file a registration statement under the Securities Act, other than with respect to a registration related to employee benefit plans, the offer and sale of debt securities, or corporate reorganizations or certain other transactions, the holders of these shares are entitled to notice of the registration and have the right, subject to limitations that the underwriters may impose on the number of shares included in the registration, to include their shares or ADSs in the registration. In an underwritten offering, the managing underwriter, if any, has the right to limit the number of shares such holders may include.

Expenses of Registration

We will pay certain registration expenses of the holders of the shares or ADSs registered pursuant to the Form F-3 and piggyback registration rights described above, including the expenses of one counsel for the selling holders.

Expiration of Registration Rights

The Form F-3 and piggyback registration rights described above will expire, with respect to any particular shareholder, upon the earlier of a change in control (as specified in our Shareholders’ Agreement), five years after the consummation of this offering or when that shareholder can sell all of its shares or ADSs under Rule 144 or Regulation S of the Securities Act during any three month period.

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Anti-Dilution Protection

In the event that the price per ADS of this offering is less than 1.3 times the subscription price of our preference D shares, or \$12.7164, our shareholders' agreement provides that holders of our preference D shares shall have the right to subscribe for an additional amount of Ordinary A shares at par value, such that the aggregate amount of preference D shares and such additional Ordinary A shares, when multiplied by the price of this offering, is equal to 1.3 times the aggregate subscription price paid for such preference D shares and Ordinary A shares (subject to adjustment for dividends, share splits and the like).

Owners' Register

We are obligated to maintain an owners' register (DK: *ejerbog*). The owners' register is maintained by Computershare A/S (Company Registration (CVR) no. 27088899), our Danish share registrar and transfer agent. It is mandatory that the owners' register is maintained within the European Union and that it is available to public authorities.

As of December 15, 2014, the Danish Companies Act includes a provision whereby public and private limited liability companies are required to register with the Danish Business Authorities information regarding shareholders who own at least 5% of the share capital or the voting rights. Pursuant to this provision, we will file registrations with the Public Owners' Register of the Danish Business Authority. Shareholders that exceed the ownership threshold must notify us and we will subsequently file the information with the Danish Business Authority. Reporting is further required upon reaching thresholds of 10, 15, 20, 25, 33 1/3, 50, 66 2/3, 90, and 100%.

Articles of Association and Danish Corporate Law

At an extraordinary general meeting of shareholders held on January 23, 2015, our shareholders resolved to amend our articles of association effective as of the closing of this offering. In connection with the closing of this offering the following resolutions will, *inter alia*, come into effect:

- all preference B shares, preference C and preference D shares will be reclassified into ordinary shares on a one-for-one basis;
- ordinary shares will remain ordinary shares, however, the denomination "A" will be deleted; and
- the board of directors will be authorized to issue warrants and increase the share capital through cash contributions and the conversion of debt (if any) pursuant to the authorizations described above under the caption "Development of Share Capital."

Objects Clause

Our corporate object, as set out in article 3 of our articles of association, is to develop ideas and preparations for the combating of disease medically, to manufacture and sell such preparations or ideas, to own shares of companies with the same objects and to perform activities in natural connection with these objects.

Summary of Provisions Regarding the Board of Directors and the Executive Board

Pursuant to our articles of association, our board of directors shall be elected by our shareholders at the general meeting and shall be composed of not less than three and no more than 10 members. With respect to the duration of the term which our board members severally hold office, the board of directors is classified into two classes as nearly equal in number as possible. Such classes consist of one class of directors ("Class I") who shall be elected at the annual general meeting held in 2015 for a term expiring at the annual general meeting to be held

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2017; and a second class of directors (“Class II”) who shall be elected at the annual general meeting held in 2015 for a term expiring at the annual general meeting to be held in 2016. The shareholders shall increase or decrease the number of directors, in order to ensure that the two classes shall be as nearly equal in number as possible; provided, however, that no decrease shall have the effect of shortening the term of any other director. At each annual general meeting beginning in 2016, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual general meeting held in the second year following the year of their election.

Currently, the board of directors consists of nine members who are elected by the shareholders. Board members must retire from the board of directors at the annual general meeting following their 75th birthday.

The board of directors shall appoint and employ an executive management consisting of one to five members to attend to our day-to-day management, and the board of directors shall determine the terms and conditions of the employment.

Voting Rights

Each shareholder is entitled to one vote for each share owned at the time of any general meeting. As compared with Danish citizens, there are no limitations under the articles of association or under Danish law on the rights of foreigners or non-Danish citizens to hold or vote our shares.

Dividend Rights

Our shareholders may at general meetings authorize the distribution of ordinary and extraordinary dividends. Our shareholders may not distribute dividends in excess of the recommendation from our board of directors and may only pay out dividends from our distributable reserves, which are defined as results from operations carried forward and reserves that are not bound by law after deduction of loss carried forward.

Our shareholders are eligible to receive any dividends declared and paid out after the date of effectiveness of the registration statement of which this prospectus forms a part. However, we have not to date declared or paid any dividends and we currently intend to retain all available financial resources and any earnings generated by our operations for use in the business and we do not anticipate paying any dividends in the foreseeable future. The payment of any dividends in the future will depend on a number of factors, including our future earnings, capital requirements, financial condition and future prospects, applicable restrictions on the payment of dividends under Danish law and other factors that our board of directors may consider relevant.

See “Taxation” for a summary of certain tax consequences in respect of dividends or distributions to holders of our shares or ADSs.

Pre-emptive Subscription Rights

Under Danish law, all shareholders have pre-emptive subscription rights in connection with capital increases that are carried out as cash contributions. An increase in share capital can be resolved by the shareholders at a general meeting or by the board of directors pursuant to an authorization given by the shareholders. In connection with an increase of a company’s share capital, the shareholders may, by resolution at a general meeting, approve deviations from the general Danish pre-emptive rights of the shareholders. Under the Danish Companies Act, such resolution must be adopted by the affirmative vote of shareholders holding at least a two-thirds majority of the votes cast and the share capital represented at the general meeting.

The board of directors may resolve to increase our share capital without pre-emptive subscription rights for existing shareholders pursuant to the authorizations set forth above under the caption “Development of Share Capital”.

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Unless future issuances of new shares and/or pre-emptive rights are registered under the Securities Act or with any authority outside Denmark, U.S. shareholders and shareholders in jurisdictions outside Denmark may be unable to exercise their pre-emptive subscription rights.

Rights on Liquidation

Upon a liquidation or winding-up of our company, shareholders will be entitled to participate, in proportion to their respective shareholdings, in any surplus assets remaining after payment of our creditors.

Limitations on Holding of Shares

There are no limitations on the right to hold shares under the articles of association or Danish law.

Disclosure Requirements

Pursuant to Section 55 of the Danish Companies Act, a shareholder is required to notify us when such shareholder's stake represents 5% or more of the voting rights in our company or the nominal value accounts for 5% or more of the share capital, and when a change of a holding already notified entails that the limits of 5, 10, 15, 20, 25, 50, 90 or 100% and the limits of one-third and two-thirds of the share capital's voting rights or nominal value are reached or are no longer reached. The notification shall be given within two weeks following the date when the limits are reached or are no longer reached.

The notification shall provide information about the full name, address or, in the case of undertakings, registered office, the number of shares and their nominal value and share classes as well as information about the basis on which the calculation of the holdings has been made. In the event that the shareholder is a non-resident company or citizen of Denmark, the notification shall include documentation, which clearly identifies the owner. The company shall cause the notification to be entered in the owners' register.

General Meetings

The general meeting of shareholders is the highest authority in all matters, subject to the limitations provided by Danish law and the articles of association. The annual general meeting shall be held in the Greater Copenhagen area not later than the end of May in each year.

At the annual general meeting, the audited annual report is submitted for approval, together with the proposed appropriations of profit/treatment of loss, the election of the board of directors and election of our auditors. In addition, the board of directors reports on our activities during the past year.

General meetings are convened by the board of directors with a minimum of two weeks' notice and a maximum of four weeks' notice by letter, fax or by e-mail. A convening notice will also be forwarded to shareholders recorded in our owners' register, who have requested such notification and by publication in the Danish Business Authority's computerized information system and on the company's website.

At the latest, two weeks before a general meeting (inclusive of the day of the general meeting), we shall make the following information and documents available on our webpage:

- the convening notice,
- the documents that shall be presented at the general meeting, and
- the agenda and the complete proposals.

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Shareholders are entitled to attend general meetings, either in person or by proxy.

Any shareholder is entitled to submit proposals to be discussed at the general meetings. However, proposals by the shareholders to be considered at the annual general meeting must be submitted in writing to the board of directors not later than six weeks before the annual general meeting.

Extraordinary general meetings must be held upon resolution of a general meeting to hold such a meeting or upon request of, the board of directors, our auditors or shareholders representing at least 1/20 of the registered share capital or such lower percentage as our articles of association may provide. Our articles of association do not state such lower percentage.

Holders of ADSs are not entitled to directly receive notices or other materials and may not attend or vote at general meetings.

Resolutions in General Meetings

Resolutions made by the general meeting generally may be adopted by a simple majority of the votes cast, subject only to the mandatory provisions of the Danish Companies Act and our articles of association. Resolutions concerning all amendments to the articles of association must be passed by two-thirds of the votes cast as well as two-thirds of the share capital represented at the general meeting. Certain resolutions, which limit a shareholder's ownership or voting rights, are subject to approval by a nine-tenth majority of the votes cast and the share capital represented at the general meeting. Decisions to impose or increase any obligations of the shareholders towards the company require unanimity.

Quorum Requirements

There are no quorum requirements generally applicable to general meetings of shareholders. To this extent, our practice varies from the requirement of Nasdaq Listing Rule 5620(c), which requires an issuer to provide in its bylaws for a generally applicable quorum, and that such quorum may not be less than one-third of the outstanding voting shares.

Squeeze out

According to Section 70 of the Danish Companies Act, shares in a company may be redeemed in full or in part by a shareholder holding more than nine-tenths of the shares and the corresponding voting rights in the company. Furthermore, according to Section 73 of the Danish Companies Act, a minority shareholder may require a majority shareholder holding more than nine-tenths of the shares and the corresponding voting rights to redeem the minority shareholder's shares.

Danish rules intended to prevent market abuse, such as insider trading, tipping and market manipulation

Chapter 10 of the Danish Securities Trading Act, which is intended to prevent market abuse, will apply to us and dealings concerning our ordinary shares and ADSs. Pursuant to said Chapter 10, prior to our application for the ADSs to list on The NASDAQ Global Market we intend to adopt an internal code on inside information in respect of the holding of and carrying out of transactions by our board of directors and executive officer and employees in our shares or in financial instruments the value of which is determined by the value of our ordinary shares or ADSs. Furthermore, prior to our application for the ADSs to list on the NASDAQ Global Market we intend to draw up a list of those persons working for us who could have access to inside information on a regular or incidental basis and have informed such persons of the rules on insider trading and market manipulation, including the sanctions which can be imposed in the event of a violation of those rules.

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Limitation on Liability

Under Danish law, members of the board of directors or senior management may be held liable for damages in the event that loss is caused due to their negligence. They may be held jointly and severally liable for damages to the company and to third parties for acting in violation of the articles of association and Danish law.

Comparison of Danish Corporate Law and our Articles of Association and Delaware Corporate Law

The following comparison between Danish corporate law, which applies to us, and Delaware corporate law, the law under which many publicly listed companies in the United States are incorporated, discusses additional matters not otherwise described in this prospectus. This summary is subject to Danish law, including the Danish Companies Act, and Delaware corporation law, including the Delaware General Corporation Law. Further, please note that as an ADS holder you will not be treated as one of our shareholders and will not have any shareholder rights.

Duties of Board Members

Denmark. Public limited liability companies in Denmark are usually subject to a two-tier governance structure with the board of directors having the ultimate responsibility for the overall supervision and strategic management of the company in question and with an executive board/management being responsible for the day-to-day operations. Each board member and member of the executive board/management is under a fiduciary duty to act in the interest of the company, but shall also take into account the interests of the creditors and the shareholders. Under Danish law, the members of the board of directors and executive management of a limited liability company are liable for losses caused by negligence whether shareholders, creditors or the company itself suffers such losses. They may also be liable for wrongful information given in the annual financial statements or any other public announcements from the company. An investor suing for damages is required to prove its claim with regard to negligence and causation. Danish courts, when assessing negligence, have been reluctant to impose liability unless the directors and officers neglected clear and specific duties. This is also the case when it comes to liability with regard to public offerings or liability with regard to any other public information issued by the company.

Delaware. The board of directors bears the ultimate responsibility for managing the business and affairs of a corporation. In discharging this function, directors of a Delaware corporation owe fiduciary duties of care and loyalty to the corporation and to its stockholders. Delaware courts have decided that the directors of a Delaware corporation are required to exercise informed business judgment in the performance of their duties. Informed business judgment means that the directors have informed themselves of all material information reasonably available to them. Delaware courts have also imposed a heightened standard of conduct upon directors of a Delaware corporation who take any action designed to defeat a threatened change in control of the corporation. In addition, under Delaware law, when the board of directors of a Delaware corporation approves the sale or break-up of a corporation, the board of directors may, in certain circumstances, have a duty to obtain the highest value reasonably available to the stockholders.

Terms of the Members of our Board of Directors

Denmark. Under Danish law, the members of the board of directors of a limited liability company are generally appointed for an individual term of one year. There is no limit in the number of consecutive terms the board members may serve. Pursuant to our articles of association, our board members are appointed by the general meeting of shareholders for a term of two years and are divided into two classes. Election of board members is, according to our articles of association, an item that shall be included on the agenda for the annual general meeting.

At the general meeting, shareholders are entitled at all times to dismiss a board member by a simple majority vote.

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Delaware. The Delaware General Corporation Law generally provides for a one-year term for directors, but permits directorships to be divided into up to three classes, of relatively equal size, with up to three-year terms, with the years for each class expiring in different years, if permitted by the certificate of incorporation, an initial bylaw or a bylaw adopted by the stockholders. A director elected to serve a term on a “classified” board may not be removed by stockholders without cause. There is no limit in the number of terms a director may serve.

Board Member Vacancies

Denmark. Under Danish law, new board members are elected by the shareholders in a general meeting also in the event of vacancies. A general meeting will thus have to be convened in order to fill a vacancy on the board of directors.

Delaware. The Delaware General Corporation Law provides that vacancies and newly created directorships may be filled by a majority of the directors then in office (even though less than a quorum) unless (1) otherwise provided in the certificate of incorporation or bylaws of the corporation or (2) the certificate of incorporation directs that a particular class of stock is to elect such director, in which case any other directors elected by such class, or a sole remaining director elected by such class, will fill such vacancy.

Conflict-of-interest Transactions

Denmark. Under Danish law, board members may not take part in any matter or decision-making that involves a subject or transaction in relation to which the board member has a conflict of interest with us.

Delaware. The Delaware General Corporation Law generally permits transactions involving a Delaware corporation and an interested director of that corporation if:

- the material facts as to the director’s relationship or interest are disclosed and a majority of disinterested directors consent;
- the material facts are disclosed as to the director’s relationship or interest and a majority of shares entitled to vote thereon consent; or
- the transaction is fair to the corporation at the time it is authorized by the board of directors, a committee of the board of directors or the stockholders.

Proxy Voting by Board Members

Denmark. In the event that a board member in a Danish limited liability company is unable to participate in a board meeting, the elected alternate, if any, shall be given access to participate in the board meeting. Unless the board of directors has decided otherwise, or as otherwise is set out in the articles of association, the board member in question may grant a power of attorney to another board member, provided that this is considered safe considering the agenda in question.

Delaware. A director of a Delaware corporation may not issue a proxy representing the director’s voting rights as a director.

Shareholder Rights

Notice of Meeting

Denmark. According to the Danish Companies Act, general meetings in limited liability companies shall be convened by the board of directors with a minimum of two weeks’ notice and a maximum of four weeks’ notice as set forth in the articles of association. A convening notice shall also be forwarded to shareholders recorded in our owners’ register, who have requested such notification. There are specific requirements as to the information and documentation required to be disclosed in connection with the convening notice.

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Delaware. Under Delaware law, unless otherwise provided in the certificate of incorporation or bylaws, written notice of any meeting of the stockholders must be given to each stockholder entitled to vote at the meeting not less than ten nor more than 60 days before the date of the meeting and shall specify the place, date, hour, and purpose or purposes of the meeting.

Voting Rights

Denmark. Each ordinary share confers the right to cast one vote at the general meeting of shareholders, unless the articles of association provide otherwise. Each holder of ordinary shares may cast as many votes as it holds shares. Shares that are held by us or our direct or indirect subsidiaries do not confer the right to vote.

Delaware. Under the Delaware General Corporation Law, each stockholder is entitled to one vote per share of stock, unless the certificate of incorporation provides otherwise. In addition, the certificate of incorporation may provide for cumulative voting at all elections of directors of the corporation, or at elections held under specified circumstances. Either the certificate of incorporation or the bylaws may specify the number of shares and/or the amount of other securities that must be represented at a meeting in order to constitute a quorum, but in no event can a quorum consist of less than one third of the shares entitled to vote at a meeting.

Stockholders as of the record date for the meeting are entitled to vote at the meeting, and the board of directors may fix a record date that is no more than 60 nor less than ten days before the date of the meeting, and if no record date is set then the record date is the close of business on the day next preceding the day on which notice is given, or if notice is waived then the record date is the close of business on the day next preceding the day on which the meeting is held. The determination of the stockholders of record entitled to notice or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, but the board of directors may fix a new record date for the adjourned meeting.

Shareholder Proposals

Denmark. According to the Danish Companies Act, extraordinary general meetings of shareholders will be held whenever our board of directors or our appointed auditor requires. In addition, one or more shareholders representing at least 1/20th of the registered share capital of the company may, in writing, require that a general meeting be convened. If such a demand is forwarded, the board of directors shall convene the general meeting within two weeks thereafter.

All shareholders have the right to present proposals for adoption at the annual general meeting, provided that the proposals are forwarded at the latest six weeks prior thereto. In the event that the proposal is received at a later date, the board of directors will decide whether the proposal has been forwarded in due time to be included on the agenda.

Delaware. Delaware law does not specifically grant stockholders the right to bring business before an annual or special meeting of stockholders. However, if a Delaware corporation is subject to the SEC's proxy rules, a stockholder who owns at least \$2,000 in market value, or 1% of the corporation's securities entitled to vote, may propose a matter for a vote at an annual or special meeting in accordance with those rules.

Action by Written Consent

Denmark. Under Danish law, it is permissible for shareholders to take action and pass resolutions by written consent in the event of unanimity; however, this will normally not be the case in listed companies and for a listed company, this method of adopting resolutions is generally not feasible.

Delaware. Although permitted by Delaware law, publicly listed companies do not typically permit stockholders of a corporation to take action by written consent.

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Appraisal Rights

Denmark. The concept of appraisal rights does not exist under Danish law, except in connection with statutory redemptions rights according to the Danish Companies Act.

According to Section 73 of the Danish Companies Act, a minority shareholder may require a majority shareholder that holds more than 90% of the company's registered share capital to redeem his or her shares. Similarly, a majority shareholder holding more than 90% of the company's share capital may, according to Section 70 of the same act, squeeze out the minority shareholders. In the event that the parties cannot agree to the redemption squeeze out price, this shall be determined by an independent evaluator appointed by the court. Additionally, there are specific regulations in Sections 249, 267, 285 and 305 of the Danish Companies Act that require compensation in the event of national or cross-border mergers and demergers. Moreover, shareholders who vote against a cross-border merger or demerger are, according to Sections 286 and 306 of the Danish Companies Act, entitled to have their shares redeemed.

Delaware. The Delaware General Corporation Law provides for stockholder appraisal rights, or the right to demand payment in cash of the judicially determined fair value of the stockholder's shares, in connection with certain mergers and consolidations.

Shareholder Suits

Denmark. Under Danish law, only a company itself can bring a civil action against a third party; an individual shareholder does not have the right to bring an action on behalf of a company. An individual shareholder may, in its own name, have an individual right to take action against such third party in the event that the cause for the liability of that third party also constitutes a negligent act directly against such individual shareholder.

Delaware. Under the Delaware General Corporation Law, a stockholder may bring a derivative action on behalf of the corporation to enforce the rights of the corporation. An individual also may commence a class action suit on behalf of himself and other similarly situated stockholders where the requirements for maintaining a class action under Delaware law have been met. A person may institute and maintain such a suit only if that person was a stockholder at the time of the transaction which is the subject of the suit. In addition, under Delaware case law, the plaintiff normally must be a stockholder at the time of the transaction that is the subject of the suit and throughout the duration of the derivative suit. Delaware law also requires that the derivative plaintiff make a demand on the directors of the corporation to assert the corporate claim before the suit may be prosecuted by the derivative plaintiff in court, unless such a demand would be futile.

Repurchase of Shares

Denmark. Danish limited liability companies may not subscribe for newly issued shares in their own capital. Such company may, however, according to the Danish Companies Act Sections 196-201, acquire fully paid shares of its own capital provided that the board of directors has been authorized thereto by the shareholders acting in a general meeting. Such authorization can only be given for a maximum period of five years and the authorization shall fix (i) the maximum value of the shares and (ii) the minimum and the highest amount that the company may pay for the shares. Shares may generally only be acquired using distributable reserves.

Delaware. Under the Delaware General Corporation Law, a corporation may purchase or redeem its own shares unless the capital of the corporation is impaired or the purchase or redemption would cause an impairment of the capital of the corporation. A Delaware corporation may, however, purchase or redeem out of capital any of its preferred shares or, if no preferred shares are outstanding, any of its own shares if such shares will be retired upon acquisition and the capital of the corporation will be reduced in accordance with specified limitations.

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Anti-takeover Provisions

Denmark. Under Danish law, it is possible to implement limited protective anti-takeover measures. Such provisions may include, among other things, (i) different share classes with different voting rights, (ii) specific requirements to register the shares on name in the company's owners register and (iii) notification requirements concerning participation in general meetings. We have currently not adopted any such provisions.

Delaware. In addition to other aspects of Delaware law governing fiduciary duties of directors during a potential takeover, the Delaware General Corporation Law also contains a business combination statute that protects Delaware companies from hostile takeovers and from actions following the takeover by prohibiting some transactions once an acquirer has gained a significant holding in the corporation.

Section 203 of the Delaware General Corporation Law prohibits "business combinations," including mergers, sales and leases of assets, issuances of securities and similar transactions by a corporation or a subsidiary with an interested stockholder that beneficially owns 15% or more of a corporation's voting stock, within three years after the person becomes an interested stockholder, unless:

- the transaction that will cause the person to become an interested stockholder is approved by the board of directors of the target prior to the transaction;
- after the completion of the transaction in which the person becomes an interested stockholder, the interested stockholder holds at least 85% of the voting stock of the corporation not including shares owned by persons who are directors and officers of interested stockholders and shares owned by specified employee benefit plans; or
- after the person becomes an interested stockholder, the business combination is approved by the board of directors of the corporation and holders of at least 66.67% of the outstanding voting stock, excluding shares held by the interested stockholder.

A Delaware corporation may elect not to be governed by Section 203 by a provision contained in the original certificate of incorporation of the corporation or an amendment to the original certificate of incorporation or to the bylaws of the company, which amendment must be approved by a majority of the shares entitled to vote and may not be further amended by the board of directors of the corporation. Such an amendment is not effective until 12 months following its adoption.

Inspection of Books and Records

Denmark. According to Section 150 of the Danish Companies Act, a shareholder may request an inspection of the company's books regarding specific issues concerning the management of the company or specific annual reports. If approved by shareholders with simple majority, one or more investigators are elected. If the proposal is not approved by simple majority but 25% of the share capital votes in favor, then the shareholder can request the court to appoint an investigator.

Delaware. Under the Delaware General Corporation Law, any stockholder may inspect certain of the corporation's books and records, for any proper purpose, during the corporation's usual hours of business.

Pre-emptive Rights

Denmark. Under Danish law, all shareholders have pre-emptive subscription rights in connection with capital increases that are carried out as cash contributions. In connection with an increase of a company's share capital, the shareholders may, by resolution at a general meeting, approve deviations from the general Danish pre-emptive rights of the shareholders. Under the Danish Companies Act, such resolution must be adopted by the

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affirmative vote of shareholders holding at least a two-thirds majority of the votes cast and the share capital represented at the general meeting.

The board of directors may resolve to increase our share capital without pre-emptive subscription rights for existing shareholders pursuant to the authorizations described above under the caption “Development of Share Capital.”

Unless future issuances of new shares are registered under the Securities Act or with any authority outside Denmark, U.S. shareholders and shareholders in jurisdictions outside Denmark may be unable to exercise their pre-emptive subscription rights under U.S. securities law.

Delaware. Under the Delaware General Corporation Law, stockholders have no pre-emptive rights to subscribe for additional issues of stock or to any security convertible into such stock unless, and to the extent that, such rights are expressly provided for in the certificate of incorporation.

Dividends

Denmark. Under Danish law, the distribution of ordinary and extraordinary dividends requires the approval of a company’s shareholders at a company’s general meeting. The shareholders may not distribute dividends in excess of the recommendation from the board of directors and may only pay out dividends from our distributable reserves, which are defined as results from operations carried forward and reserves that are not bound by law after deduction of loss carried forward. It is possible under Danish law to pay out interim dividends. The decision to pay out interim dividends shall be accompanied by a balance sheet, and the board of directors determine whether it will be sufficient to use the balance sheet from the annual report or if an interim balance sheet for the period from the annual report period until the interim dividend payment shall be prepared. If interim dividends are paid out later than six months following the financial year for the latest annual report, an interim balance sheet showing that there are sufficient funds shall always be prepared.

Delaware. Under the Delaware General Corporation Law, a Delaware corporation may pay dividends out of its surplus (the excess of net assets over capital), or in case there is no surplus, out of its net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year (provided that the amount of the capital of the corporation is not less than the aggregate amount of the capital represented by the issued and outstanding stock of all classes having a preference upon the distribution of assets). In determining the amount of surplus of a Delaware corporation, the assets of the corporation, including stock of subsidiaries owned by the corporation, must be valued at their fair market value as determined by the board of directors, without regard to their historical book value. Dividends may be paid in the form of shares, property or cash.

Shareholder Vote on Certain Reorganizations

Denmark. Under Danish law, all amendments to the articles of association shall be approved by the general meeting of shareholders with a minimum of two-thirds of the votes cast and two-thirds of the represented share capital. The same applies to solvent liquidations, mergers with the company as the discontinuing entity, mergers with the company as the continuing entity if shares are issued in connection therewith and demergers. Under Danish law, it is debatable whether the shareholders must approve a decision to sell all or virtually all of the company’s business/assets.

Delaware. Under the Delaware General Corporation Law, the vote of a majority of the outstanding shares of capital stock entitled to vote thereon generally is necessary to approve a merger or consolidation or the sale of all or substantially all of the assets of a corporation. The Delaware General Corporation Law permits a corporation to include in its certificate of incorporation a provision requiring for any corporate action the vote of a larger portion of the stock or of any class or series of stock than would otherwise be required.

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Under the Delaware General Corporation Law, no vote of the stockholders of a surviving corporation to a merger is needed, however, unless required by the certificate of incorporation, if (1) the agreement of merger does not amend in any respect the certificate of incorporation of the surviving corporation, (2) the shares of stock of the surviving corporation are not changed in the merger and (3) the number of shares of common stock of the surviving corporation into which any other shares, securities or obligations to be issued in the merger may be converted does not exceed 20% of the surviving corporation's common stock outstanding immediately prior to the effective date of the merger. In addition, stockholders may not be entitled to vote in certain mergers with other corporations that own 90% or more of the outstanding shares of each class of stock of such corporation, but the stockholders will be entitled to appraisal rights.

Amendments to Governing Documents

Denmark. All resolutions made by the general meeting may be adopted by a simple majority of the votes, subject only to the mandatory provisions of the Danish Companies Act and the articles of association. Resolutions concerning all amendments to the articles of association must be passed by two-thirds of the votes cast as well as two-thirds of the share capital represented at the general meeting. Certain resolutions, which limit a shareholder's ownership or voting rights, are subject to approval by a nine-tenth majority of the votes cast and the share capital represented at the general meeting. Decisions to impose any or increase any obligations of the shareholders towards the company require unanimity.

Delaware. Under the Delaware General Corporation Law, a corporation's certificate of incorporation may be amended only if adopted and declared advisable by the board of directors and approved by a majority of the outstanding shares entitled to vote, and the bylaws may be amended with the approval of a majority of the outstanding shares entitled to vote and may, if so provided in the certificate of incorporation, also be amended by the board of directors.

Transfer Agent and Registrar

Upon the closing of this offering, the transfer agent and registrar for the ADSs will be The Bank of New York Mellon.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent one ordinary share (or a right to receive one ordinary share) deposited with The Bank of New York Mellon, London Branch, or any successor, as custodian for the depositary. Each ADS will also represent any other securities, cash or other property which may be held by the depositary in respect of the depositary facility. The depositary's corporate trust office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The depositary's principal executive office is located at One Wall Street, New York, New York 10286.

You may hold ADSs either (1) directly (a) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (b) by having ADSs registered in your name in the Direct Registration System, or (2) indirectly by holding a security entitlement in ADSs through your broker or other financial institution. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. This description assumes you are an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

The Direct Registration System, or DRS, is a system administered by The Depository Trust Company, also referred to as DTC, pursuant to which the depositary may register the ownership of uncertificated ADSs, which ownership is confirmed by periodic statements sent by the depositary to the registered holders of uncertificated ADSs.

As an ADS holder, you will not be treated as one of our shareholders and you will not have shareholder rights. Danish law governs shareholder rights. The depositary will be the holder of the ordinary shares underlying your ADSs. As a holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary and you, as an ADS holder, and all other persons directly and indirectly holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADS. For directions on how to obtain copies of those documents see the section of this Prospectus titled "Where You Can Find Additional Information."

Dividends and Other Distributions

How will you receive dividends and other distributions on the ordinary shares?

The depositary has agreed to pay you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent.

Cash. After completion of this offering, we do not expect to declare or pay any cash dividends or cash distributions on our ordinary shares for the foreseeable future. The depositary will convert any cash dividend or other cash distribution we pay on the ordinary shares or any net proceeds from the sale of any ordinary shares, rights, securities or other entitlements into U.S. dollars if it can do so on a reasonable basis and at the then prevailing market rate, and can transfer the U.S. dollars to the United States. If that is not possible and lawful or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to

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distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest. Before making a distribution, any taxes or other governmental charges, together with fees and expenses of the depository that must be paid, will be deducted. See “Taxation.” It will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depository cannot convert the foreign currency, you may lose some or all of the value of the distribution.

Ordinary Shares. The depository may distribute additional ADSs representing any ordinary shares we distribute as a dividend or free distribution to the extent reasonably practicable and permissible under law. The depository will only distribute whole ADSs. If the depository does not distribute additional ADSs, the outstanding ADSs will also represent the new ordinary shares. The depository may sell a portion of the distributed ordinary shares sufficient to pay its fees and expenses in connection with that distribution.

Elective Distributions in Cash or Shares. If we offer holders of our ordinary shares the option to receive dividends in either cash or shares, the depository, after consultation with us, may make such elective distribution available to you as a holder of the ADSs. We must first instruct the depository to make such elective distribution available to you. As a condition of making a distribution election available to ADS holders, the depository may require satisfactory assurances from us that doing so would not require registration of any securities under the Securities Act. There can be no assurance that you will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of ordinary shares, or at all.

Rights to Purchase Additional Ordinary Shares. If we offer holders of our securities any rights to subscribe for additional ordinary shares or any other rights, the depository may make these rights available to ADS holders. If the depository decides it is not legal and practical to make the rights available but that it is practical to sell the rights, the depository will use reasonable efforts to sell the rights and distribute the proceeds in the same way as it does with cash distributions. The depository will allow rights that are not distributed or sold to lapse. In that case, you will receive no value for them.

If the depository makes rights available to you, it will exercise the rights and purchase the ordinary shares on your behalf and in accordance with your instructions. The depository will then deposit the ordinary shares and deliver ADSs to you. It will only exercise rights if you pay it the exercise price and any other charges the rights require you to pay and comply with other applicable instructions.

U.S. securities laws may restrict transfers and cancellation of the ADSs representing ordinary shares purchased upon exercise of rights. For example, you may not be able to trade these ADSs freely in the United States. In this case, the depository may deliver restricted depository shares that have the same terms as the ADSs described in this section except for changes needed to put the necessary restrictions in place.

Other Distributions. The depository will send to you anything else we distribute to holders of deposited securities by any means it determines is equitable and practicable. If it cannot make the distribution proportionally among the owners, the depository may adopt another equitable and practical method. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depository is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. In addition, the depository may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution.

Neither we nor the depository are responsible for any failure to determine that it may be lawful or feasible to make a distribution available to any ADS holders. We have no obligation to register ADSs, ordinary shares, rights or other securities under the Securities Act. This means that you may not receive the distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you.

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Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposit ordinary shares or evidence of rights to receive ordinary shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or share transfer taxes or fees, and delivery of any required endorsements, certifications or other instruments of transfer required by the depositary, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs at the depositary's corporate trust office. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or share transfer taxes or fees, the depositary will transfer and deliver the ordinary shares and any other deposited securities underlying the ADSs to you or a person designated by you at the office of the custodian or through a book-entry delivery. Alternatively, at your request, risk and expense, the depositary will transfer and deliver the deposited securities at its corporate trust office, if feasible.

How can ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADRs to the depositary for the purpose of exchanging your ADRs for uncertificated ADSs. The depositary will cancel the ADRs and will send you a statement confirming that you are the owner of uncertificated ADSs. Alternatively, upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to you an ADR evidencing those ADSs.

Voting Rights

How do you vote?

You may instruct the depositary to vote the number of whole deposited ordinary shares your ADSs represent. The depositary will notify you of shareholders' meetings or other solicitations of consents and arrange to deliver our voting materials to you if we ask it to. Those materials will describe the matters to be voted on and explain how you may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary.

The depositary will try, as far as practical, and subject to the laws of Denmark and our Articles of Association, to vote or to have its agents vote the ordinary shares or other deposited securities as instructed by ADS holders.

The depositary will only vote or attempt to vote as you instruct or as described above. If we ask the depositary to solicit the ADS holders' instructions to vote and an ADS holder fails to instruct the depositary as to the manner in which to vote by the specified date, such ADS holder will be deemed to have given a discretionary proxy to a person designated by us to vote the number of deposited securities represented by its ADSs, unless we notify the depositary that we do not wish to receive a discretionary proxy, there is substantial shareholder opposition to the particular question, or the particular question would have an adverse impact on our shareholders.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your ordinary shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions provided that any such failure is in good faith. This means that you may not be able to exercise your right to vote and there may be nothing you can do if your ordinary shares are not voted as you requested.

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to deposited securities, if we request the depositary to act, we will try to give the depositary notice of any such meeting and details concerning the matters to be voted upon sufficiently in advance of the meeting date.

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Except as described above, you will not be able to exercise your right to vote unless you withdraw the ordinary shares. However, you may not know about the shareholder meeting far enough in advance to withdraw the ordinary shares.

Fees and Expenses

What fees and expenses will you be responsible for paying?

Pursuant to the terms of the deposit agreement, the holders of ADSs will be required to pay the following fees:

Persons depositing or withdrawing ordinary shares or ADSs must pay:

\$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)

\$0.05 (or less) per ADS

A fee equivalent to the fee that would be payable if securities distributed to you had been ordinary shares and the shares had been deposited for issue of ADSs

\$0.05 (or less) per ADS per calendar year

Registration or transfer fees

Expenses of the depositary

Taxes and other governmental charges the depositary or the custodian have to pay on any ADS or share underlying an ADS, for example, share transfer taxes, stamp duty or withholding taxes

Any charges incurred by the depositary or its agents for servicing the deposited securities

For:

- Issue of ADSs, including issues resulting from a distribution of ordinary shares or rights or other property
- Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates
- Any cash distribution to you
- Distribution of securities distributed to holders of deposited securities which are distributed by the depositary to you
- Depositary services
- Transfer and registration of ordinary shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
- Cable, telex and facsimile transmissions (when expressly provided in the deposit agreement)
- Converting foreign currency to U.S. dollars
- As necessary
- As necessary

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual

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fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide for-fee services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse or share revenue from the fees collected from ADS holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the ADS program. In performing its duties under the deposit agreement, the depositary may use brokers, dealers or other service providers that are affiliates of the depositary and that may earn or share fees or commissions.

Payment of Taxes

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until such taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your ADSs to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells deposited securities, it will, if appropriate, reduce the number of ADSs registered in your name to reflect the sale and pay you any net proceeds, or send you any property, remaining after it has paid the taxes.

Reclassifications, Recapitalizations and Mergers

<i>If we:</i>	<i>Then:</i>
<ul style="list-style-type: none">• Change the nominal or par value of our ordinary shares	The cash, ordinary shares or other securities received by the depositary will become deposited securities.
<ul style="list-style-type: none">• Reclassify, split up or consolidate any of the deposited securities	Each ADS will automatically represent its equal share of the new deposited securities.
<ul style="list-style-type: none">• Distribute securities on the ordinary shares that are not distributed to you	The depositary may also deliver new ADSs or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities. The depositary may also sell the new deposited securities and distribute the net proceeds if we are unable to assure the depositary that the distribution (a) does not require registration under the Securities Act or (b) is exempt from registration under the Securities Act.
<ul style="list-style-type: none">• Recapitalize, reorganize, merge, liquidate, sell all or substantially all of our assets, or take any similar action	Any replacement securities received by the depositary shall be treated as newly deposited securities and either the existing ADSs or, if necessary, replacement ADSs distributed by the depositary will represent the replacement securities. The depositary may also sell the replacement securities and distribute the net proceeds if the replacement securities may not be lawfully distributed to all ADS holders.

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Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depository to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depository for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depository notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

How may the deposit agreement be terminated?

The depository will terminate the deposit agreement at our direction by mailing notice of termination to the ADS holders then outstanding at least 30 days prior to the date fixed in such notice for such termination. The depository may also terminate the deposit agreement by mailing a notice of termination to us and the ADS holders if 60 days have passed since the depository told us it wants to resign but a successor depository has not been appointed and accepted its appointment.

After termination, the depository and its agents will do the following under the deposit agreement but nothing else: collect distributions on the deposited securities, sell rights and other property, and deliver ordinary shares and other deposited securities upon cancellation of ADSs. Four months after termination, the depository may sell any remaining deposited securities by public or private sale. After that, the depository will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement for the pro rata benefit of the ADS holders that have not surrendered their ADSs. It will not invest the money and has no liability for interest. The depository's only obligations will be to account for the money and other cash. After termination our only obligations under the deposit agreement will be to indemnify the depository and to pay fees and expenses of the depository that we agreed to pay and we will not have any obligations thereunder to current or former ADS holders.

Limitations on Obligations and Liability

Limits on our obligations and the obligations of the depository; limits on liability to holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depository. It also limits our liability and the liability of the depository. We and the depository:

- are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith;
- are not liable if either of us is prevented or delayed by law or circumstances beyond our control from performing our obligations under the deposit agreement;
- are not liable if either of us exercises, or fails to exercise, discretion permitted under the deposit agreement;
- are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement;

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- are not liable for any tax consequences to any holders of ADSs on account of their ownership of ADSs;
- have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person; and
- may rely upon any documents we believe in good faith to be genuine and to have been signed or presented by the proper person.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances. Additionally, we, the depositary and each owner and holder, to the fullest extent permitted by applicable law, waive the right to a jury trial in an action against us or the depositary arising out of or relating to the deposit agreement.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of an ADS, make a distribution on an ADS, or permit withdrawal of ordinary shares, the depositary may require:

- payment of share transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any ordinary shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs generally when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Ordinary Shares Underlying Your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying ordinary shares at any time except:

- when temporary delays arise because: (1) the depositary has closed its transfer books or we have closed our transfer books; (2) the transfer of ordinary shares is blocked to permit voting at a shareholders' meeting; or (3) we are paying a dividend on our ordinary shares;
- when you owe money to pay fees, taxes and similar charges; and
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of ordinary shares or other deposited securities.

This right of withdrawal is not limited by any other provision of the deposit agreement.

Pre-release of ADSs

The deposit agreement permits the depositary to deliver ADSs before deposit of the underlying ordinary shares. This is called a pre-release of the ADSs. The depositary may also deliver ordinary shares upon cancellation of pre-released ADSs (even if the ADSs are canceled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying ordinary shares are delivered to the depositary.

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The depositary may receive ADSs instead of ordinary shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its customer owns the ordinary shares or ADSs to be deposited; (2) the pre-release is fully collateralized with cash or other collateral that the depositary considers appropriate; and (3) the depositary must be able to close out the pre-release on not more than five business days' notice. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of prerelease, although the depositary may disregard the limit from time to time, if it thinks it is appropriate to do so.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the DRS and Profile Modification System, or Profile, will apply to uncertificated ADSs upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC under which the depositary may register the ownership of uncertificated ADSs and such ownership will be evidenced by periodic statements sent by the depositary to the registered holders of uncertificated ADSs. Profile is a required feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary's reliance on and compliance with instructions received by the depositary through the DRS/Profile System and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Shareholder Communications; Inspection of Register of Holders of ADSs; ADS Holder Information

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.

SHARES AND ADSs ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our ordinary shares. Future sales of our ordinary shares or ADSs, including shares issued upon the exercise of outstanding options or warrants, in the public market after this offering, or the perception that those sales may occur, could cause the prevailing market price for our ADSs to fall or impair our ability to raise equity capital in the future. As described below, only a limited number of ADSs will be available for sale in the public market for a period of several months after closing of this offering due to contractual and legal restrictions on resale described below. Future sales of our ADSs in the public market either before (to the extent permitted) or after restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price of our ADSs at such time and our ability to raise equity capital at a time and price we deem appropriate.

Sale of Restricted Shares

Based on the number of ordinary shares outstanding as of December 31, 2014 and assuming an initial public offering price of \$17.00 per ADS, at the midpoint of the price range set forth on the cover page of this prospectus, upon the closing of this offering and assuming (1) the conversion of our outstanding convertible ordinary shares and preference shares into 16,935,780 ordinary shares, (2) no exercise of the underwriters' option to purchase additional ADSs, and (3) no exercise of any of our other outstanding warrants, we will have outstanding an aggregate of approximately 21,935,780 ordinary shares. Of these ADSs, all of the 5,000,000 ADSs to be sold in this offering (representing 5,000,000 ordinary shares), and any ADSs sold upon exercise of the underwriters' option to purchase additional ADSs, will be freely tradable in the public market without restriction or further registration under the Securities Act, unless the shares are held by any of our "affiliates" as such term is defined in Rule 144 of the Securities Act (subject to the terms of any lock-up agreements referred to below, if applicable). In addition, approximately 374,294 ordinary shares subject to employee equity incentive grants are subject to early release under the lock-up agreements. All remaining ordinary shares held by existing shareholders immediately prior to the closing of this offering will be "restricted securities" as such term is defined in Rule 144. These restricted securities were issued and sold by us, or will be issued and sold by us, in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under the Securities Act, including the exemptions provided by Regulation S, Rule 144 or Rule 701, which rules are summarized below.

As a result of the lock-up agreements referred to below and the provisions of Regulation S, Rule 144 and Rule 701 under the Securities Act, based on the number of ordinary shares outstanding as of December 31, 2014 and assumptions (1) – (3) described above, the ADSs representing ordinary shares (excluding the ADSs sold in this offering) that will be available for sale in the public market are as follows:

**Approximate Number of ordinary Shares
(including shares represented by ADSs)**

16,935,780 shares

First Date Available for Sale into Public Market

181 days after the date of this prospectus upon expiration of the lock-up agreements referred to below, subject in some cases to applicable volume limitations under Rule 144

Lock-Up Agreements

In connection with this offering, we, our board members, our senior management and all of our other shareholders and warrant holders have agreed, subject to certain exceptions, with the underwriters not to dispose of or hedge any of our ordinary shares or securities convertible into or exchangeable for ordinary shares during the period from the date of the lock-up agreement continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the underwriters.

Prior to the completion of the offering, certain of our employees, including our senior management and/or board members may enter into written trading plans that are intended to comply with Rule 10b5-1 under the Exchange Act. Sales under these trading plans would not be permitted until the expiration of the lock-up agreements relating to this offering described above.

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Following the lock-up periods set forth in the agreements described above, and assuming that the underwriters do not release any parties from these agreements, all of the ordinary shares that are restricted securities or are held by our “affiliates” as of the date of this prospectus will be eligible for sale in the public market in compliance with Rule 144 under the Securities Act.

Rule 144

In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act for at least 90 days, a person (or persons whose shares are required to be aggregated) who is not deemed to have been one of our “affiliates” for purposes of Rule 144 at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months, including the holding period of any prior owner other than one of our “affiliates,” is entitled to sell those securities in the public market (subject to the lock-up agreement referred to above, if applicable) without complying with the manner of sale, volume limitations or notice provisions of Rule 144, but subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the securities proposed to be sold for at least one year, including the holding period of any prior owner other than “affiliates,” then such person is entitled to sell such securities in the public market without complying with any of the requirements of Rule 144 (subject to the lock-up agreement referred to above, if applicable). In general, under Rule 144, as currently in effect, once we have been subject to the public company reporting requirements of the Exchange Act for at least 90 days, our “affiliates,” as defined in Rule 144, who have beneficially owned the securities proposed to be sold for at least six months are entitled to sell in the public market, upon expiration of any applicable lock-up agreements and within any three-month period, a number of those securities that does not exceed the greater of:

- 1% of the number of ordinary shares then outstanding, which will equal approximately 219,358 immediately after this offering (calculated as of December 31, 2014 on the basis of assumptions (1) – (3) described above); or
- the average weekly trading volume of our ADSs on The NASDAQ Global Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Such sales under Rule 144 by our “affiliates” or persons selling shares on behalf of our “affiliates” are also subject to certain manner of sale provisions, notice requirements and to the availability of current public information about us. Notwithstanding the availability of Rule 144, the holders of substantially all of our restricted securities have entered into lock-up agreements as referenced above and their restricted securities will become eligible for sale (subject to the above limitations under Rule 144) upon the expiration of the restrictions set forth in those agreements.

Rule 701

In general, under Rule 701 as currently in effect, any of our employees, directors, officers, consultants or advisors who acquired ordinary shares from us in connection with a written compensatory share or option plan or other written agreement in compliance with Rule 701 under the Securities Act before the effective date of the registration statement of which this prospectus is a part (to the extent such ordinary shares are not subject to a lock-up agreement) is entitled to rely on Rule 701 to resell such shares beginning 90 days after we become subject to the public company reporting requirements of the Exchange Act in reliance on Rule 144, but without compliance with the holding period requirements contained in Rule 144. Accordingly, subject to any applicable lock-up agreements, beginning 90 days after we become subject to the public company reporting requirements of the Exchange Act, under Rule 701 persons who are not our “affiliates,” as defined in Rule 144, may resell those shares without complying with the minimum holding period or public information requirements of Rule 144, and persons who are our “affiliates” may resell those shares without compliance with Rule 144’s minimum holding period requirements (subject to the terms of the lock-up agreement referred to above, if applicable).

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Regulation S

Regulation S provides generally that sales made in offshore transactions are not subject to the registration or prospectus-delivery requirements of the Securities Act.

Incentive Plans

We intend to file with the SEC a registration statement under the Securities Act covering the ordinary shares or ADSs that we may issue upon exercise of outstanding warrants reserved for issuance under our Warrant Incentive Program. Such registration statement is expected to be filed and become effective as soon as practicable after the closing of this offering. Accordingly, shares or ADSs registered under such registration statement will be available for sale in the open market following its effective date, subject to Rule 144 volume limitations and the lock-up agreements described above, if applicable.

TAXATION

Danish Tax Considerations

The following discussion describes the material Danish tax consequences under present law of an investment in the ADSs. The summary is for general information only and does not purport to constitute exhaustive tax or legal advice. It is specifically noted that the summary does not address all possible tax consequences relating to an investment in the ADSs. The summary is based solely on the tax laws of Denmark in effect on the date of this prospectus. Danish tax laws may be subject to change, possibly with retroactive effect.

The summary does not cover investors to whom special tax rules apply, and, therefore, may not be relevant, for example, to investors subject to the Danish Tax on Pension Yields Act (*i.e.*, pension savings), professional investors, certain institutional investors, insurance companies, pension companies, banks, stockbrokers and investors with tax liability on return on pension investments. The summary does not cover taxation of individuals and companies who carry on a business of purchasing and selling shares. The summary only sets out the tax position of the direct owners of the ADSs and further assumes that the direct investors are the beneficial owners of the ADSs and any dividends thereon. Sales are assumed to be sales to a third party.

Potential investors in the ADSs are advised to consult their tax advisors regarding the applicable tax consequences of acquiring, holding and disposing of the ADSs based on their particular circumstances.

Investors who may be affected by the tax laws of other jurisdictions should consult their tax advisors with respect to the tax consequences applicable to their particular circumstances as such consequences may differ significantly from those described herein.

Taxation of Danish Tax Resident Holders of the ADSs

When considering the taxation of Danish tax resident holders of the ADSs (companies and individuals), it is assumed that for tax purposes Danish tax resident holders of the ADSs should be treated as holders of unlisted shares in the company. It is currently not clear under the Danish tax legislation or case law how the listed ADSs are to be treated for tax purposes. For the purpose of the below comments, it is assumed that the ADSs listed in the U.S. should be treated as non-listed shares as the company's ordinary shares are not admitted to trading on a regulated market.

Sale of the ADSs (Individuals)

Gains from the sale of shares are taxed as share income at a rate of 27% on the first DKK 49,900 in 2015 (for cohabiting spouses, a total of DKK 99,800) and at a rate of 42% on share income exceeding DKK 49,900 (for cohabiting spouses over DKK 99,800). Such amounts are subject to annual adjustments and include all share income (*i.e.*, all capital gains and dividends derived by the individual or cohabiting spouses, respectively).

Gains and losses on the sale of shares admitted to trading on a regulated market are calculated as the difference between the purchase price and the sales price. The purchase price is generally determined using the average method as a proportionate part of the aggregate purchase price for all the shareholder's shares in the company.

Losses on non-listed shares may be offset against other share income, (*i.e.*, received dividends and capital gains on the sale of shares). Unused losses will automatically be offset against a cohabiting spouse's share income. In case the share income becomes negative, a negative tax on the share income will be calculated and offset against the individual's other final taxes. Unused negative tax on share income will be offset against a cohabiting spouse's final taxes. If the negative tax on share income cannot be offset against a cohabiting spouse's final taxes, the negative tax can be carried forward indefinitely and offset against future year's taxes.

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Sale of the ADSs (Companies)

For the purpose of taxation of sales of shares made by shareholders (Companies), a distinction is made between Subsidiary Shares, Group Shares, Tax-Exempt Portfolio Shares and Taxable Portfolio Shares (note that the ownership threshold described below are applied on the basis of the number of all shares issued by the company, and not on the basis of the number of the ADSs issued):

“*Subsidiary Shares*” is generally defined as shares owned by a shareholder holding at least 10% of the nominal share capital of the issuing company.

“*Group Shares*” is generally defined as shares in a company in which the shareholder of the company and the issuing company are subject to Danish joint taxation or fulfill the requirements for international joint taxation under Danish law (*i.e.*, the company is controlled by the shareholder).

“*Tax-Exempt Portfolio Shares*” is defined as shares not admitted to trading on a regulated market owned by a shareholder holding less than 10% of the nominal share capital of the issuing company.

“*Taxable Portfolio Shares*” is defined as shares that do not qualify as Subsidiary Shares, Group Shares or Tax-Exempt Portfolio Shares.

Gains or losses on disposal of Subsidiary Shares and Group Shares and Tax-Exempt Portfolio Shares are not included in the taxable income of the shareholder.

Special rules apply with respect to Subsidiary Shares and Group Shares in order to prevent exemption through certain holding company structures just as other anti-avoidance rules may apply. These rules will not be described in further detail.

Capital gains from the sale of Taxable Portfolio Shares admitted to trading on a regulated market are taxable at a rate of 23.5% (this rate is reduced to 22% in 2016) irrespective of ownership period. Losses on such shares are generally deductible. Gains and losses on Taxable Portfolio Shares admitted to trading on a regulated market are taxable according to the mark-to-market principle (in Danish “*lagerprincippet*”).

According to the mark-to-market principle, each year’s taxable gain or loss is calculated as the difference between the market value of the shares at the beginning and end of the tax year. Thus, taxation will take place on an accrual basis even if no shares have been disposed of and no gains or losses have been realized.

If the Taxable Portfolio Shares are sold or otherwise disposed of before the end of the income year, the taxable income of that income year equals the difference between the value of the Taxable Portfolio Shares at the beginning of the income year and the value of the Taxable Portfolio Shares at realization. If the Taxable Portfolio Shares are acquired and realized in the same income year, the taxable income equals the difference between the acquisition sum and the realization sum. If the Taxable Portfolio Shares are acquired in the income year and not realized in the same income year, the taxable income equals the difference between the acquisition sum and the value of the shares at the end of the income years.

A change of status from Subsidiary Shares/Group Shares/Tax-Exempt Portfolio Shares to Taxable Portfolio Shares (or vice versa) is for tax purposes deemed to be a disposal of the shares and a reacquisition of the shares at market value at the time of change of status.

Special transitional rules apply with respect to the right to offset capital losses realized by the end of the 2009 income year against taxable gains on shares in the 2010 income year or later.

Dividends (Individuals)

Dividends paid to individuals who are tax residents of Denmark are taxed as share income, as described above. All share income must be included when calculating whether the amounts mentioned above are exceeded. Dividends paid to individuals are generally subject to 27% withholding tax.

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Dividends (Companies)

Dividends paid on both Tax-Exempt and Taxable Portfolio Shares are subject to the standard corporation tax rate of 23.5% (this rate is reduced to 22% in 2016) irrespective of ownership period.

The withholding tax rate is 22%. A claim for repayment must be filed within two months. Otherwise, the excess tax will be offset in the corporation income tax for the year.

Dividends received on Subsidiary Shares and Group Shares are tax-exempt irrespective of ownership period.

Taxation of Shareholders Residing Outside Denmark

Sale of the ADSs (Individuals and Companies)

Holders of the ADSs not resident in Denmark are normally not subject to Danish taxation on any gains realized on the sale of shares, irrespective of the ownership period, subject to certain anti-avoidance rules seeking to prevent that taxable dividend payments are converted to tax exempt capital gains. If an investor holds the ADSs in connection with a trade or business conducted from a permanent establishment in Denmark, gains on shares may be included in the taxable income of such activities pursuant to the rules applying to Danish tax residents as described above.

Dividends (Individuals)

Under Danish law, dividends paid in respect of shares are generally subject to Danish withholding tax at a rate of 27%. Non-residents of Denmark are not subject to additional Danish income tax in respect to dividends received on shares.

If the withholding tax rate applied is higher than the applicable final tax rate for the shareholder, a request for a refund of Danish tax in excess hereof can be made by the shareholder in the following situations:

Double Taxation Treaty

In the event that the shareholder is a resident of a state with which Denmark has entered into a double taxation treaty, the shareholder may generally, through certain certification procedures, seek a refund from the Danish tax authorities of the tax withheld in excess of the applicable treaty rate, which is typically 15%. Denmark has entered into tax treaties with approximately 80 countries, including the United States, Switzerland and almost all members of the European Union. The treaty between Denmark and the United States generally provides for a 15% tax rate.

Credit under Danish Tax Law

If the shareholder holds less than 10% of the nominal share capital (in the form of ordinary shares in the company and not on the basis of the number of the ADSs issued) of the company and the shareholder is tax resident in a state which has a double tax treaty or an international agreement, convention or other administrative agreement on assistance in tax matters according to which the competent authority in the state of the shareholder is obligated to exchange information with Denmark, dividends are subject to tax at a rate of 15%. If the shareholder is tax resident outside the European Union, it is an additional requirement for eligibility for the 15% tax rate that the shareholder together with related shareholders holds less than 10% of the nominal share capital of the company. Note that the reduced tax rate does not affect the withholding rate, why the shareholder must also in this situation claim a refund as described above in order to benefit from the reduced rate.

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In addition, there is a special tax regime that applies to dividends distributed to individuals residing in certain countries, such as the United States, the United Kingdom, Belgium, Canada, Greece, the Netherlands, Ireland, Luxembourg, Norway, Switzerland, Sweden and Germany. This special tax regime provides that taxes on dividends may be withheld at the applicable tax rate specified in the relevant tax treaty. In order to qualify for the application of this special tax regime, an eligible holder of shares must deposit his shares with a Danish bank, and the shareholding must be registered with and administered through VP Securities A/S.

Where a non-resident of Denmark holds shares which can be attributed to a permanent establishment in Denmark, dividends are taxable pursuant to the rules applying to Danish tax residents described above.

Dividends (Companies)

Dividends from Subsidiary Shares are exempt from Danish withholding tax provided the taxation of the dividends is to be waived or reduced in accordance with the Parent-Subsidiary Directive (2011/96/EEC) or in accordance with a tax treaty with the jurisdiction in which the company investor is resident. If Denmark is to reduce taxation of dividends to a foreign company under a tax treaty, Denmark will not—as a matter of domestic law—exercise such right and will in general not impose any tax at all. Further, dividends from Group Shares—not also being Subsidiary Shares—are exempt from Danish withholding tax provided the company investor is a resident of the European Union or the EEA and provided the taxation of dividends should have been waived or reduced in accordance with the Parent-Subsidiary Directive (2011/96/EEC) or in accordance with a tax treaty with the country in which the company investor is resident had the shares been Subsidiary Shares.

Dividend payments on both Tax-Exempt and Taxable Portfolio Shares will generally be subject to withholding tax at a rate of 27% irrespective of ownership period. If the withholding tax rate applied is higher than the applicable final tax rate for the shareholder, a request for a refund of Danish tax in excess hereof can be made by the shareholder in the following situations:

Double Taxation Treaty

In the event that the shareholder is a resident of a state with which Denmark has entered into a double taxation treaty, the shareholder may generally, through certain certification procedures, seek a refund from the Danish tax authorities of the tax withheld in excess of the applicable treaty rate, which is typically 15%. Denmark has entered into tax treaties with approximately 80 countries, including the United States and almost all members of the European Union. The treaty between Denmark and the United States generally provides for a 15% rate.

Credit under Danish Tax law

If the shareholder holds less than 10% of the nominal share capital (in the form of ordinary shares in the company and not on the basis of the number of the ADSs issued) in the company and the shareholder is resident in a jurisdiction which has a double taxation treaty or an international agreement, convention or other administrative agreement on assistance in tax according to which the competent authority in the state of the shareholder is obligated to exchange information with Denmark, dividends are generally subject to a tax rate of 15%. If the shareholder is tax resident outside the European Union, it is an additional requirement for eligibility for the 15% tax rate that the shareholder together with related shareholders holds less than 10% of the nominal share capital of the company. Note that the reduced tax rate does not affect the withholding rate, hence, in this situation the shareholder must also in this situation claim a refund as described above in order to benefit from the reduced rate.

Where a non-resident company of Denmark holds shares which can be attributed to a permanent establishment in Denmark, dividends are taxable pursuant to the rules applying to Danish tax residents described above.

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Share Transfer Tax and Stamp Duties

No Danish share transfer tax or stamp duties are payable on transfer of the shares.

Material U.S. Federal Income Tax Consequences to U.S. Holders

The following discussion describes the material U.S. federal income tax consequences to U.S. Holders (as defined below) under present law of an investment in the ADSs. The effects of any applicable state or local laws, or other U.S. federal tax laws such as estate and gift tax laws, or the Medicare contribution tax on net investment income, are not discussed. This summary applies only to investors who hold the ADSs as capital assets (generally, property held for investment) and who have the U.S. dollar as their functional currency. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, U.S. Treasury regulations promulgated thereunder, judicial decisions, published rulings and administrative pronouncements of the U.S. Internal Revenue Service, or the IRS, and the income tax treaty between the United States and Denmark, or the Treaty, all as in effect as of the date of this offering. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances or to holders subject to particular rules, including:

- U.S. expatriates and certain former citizens or long-term residents of the United States;
- persons subject to the alternative minimum tax;
- persons whose functional currency is not the U.S. dollar;
- persons holding the ADSs as part of a hedge, straddle or other risk reduction strategy or as part of a conversion transaction or other integrated investment;
- banks, insurance companies, and other financial institutions;
- real estate investment trusts or regulated investment companies;
- brokers, dealers or traders in securities, commodities or currencies;
- partnerships, S corporations, or other entities or arrangements treated as partnerships for U.S. federal income tax purposes;
- tax-exempt organizations or governmental organizations;
- persons who acquired the ADSs pursuant to the exercise of any employee share option or otherwise as compensation;
- persons that own or are deemed to own 10% or more of our voting stock;
- persons that hold their shares through a permanent establishment or fixed base outside the United States; and
- persons deemed to sell our ordinary shares under the constructive sale provisions of the Code.

U.S. HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE U.S. STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE ADSs.

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For purposes of this discussion, a “U.S. Holder” is a beneficial owner of the ADSs that, for U.S. federal income tax purposes, is or is treated as any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust that (1) is subject to the supervision of a U.S. court and the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code), or (2) has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

If you are a partner in a partnership (or other entity taxable as a partnership for U.S. federal income tax purposes) that holds the ADSs, your tax treatment generally will depend on your status and the activities of the partnership. Partnerships holding the ADSs and the partners in such partnerships should consult their tax advisors regarding the U.S. federal income tax consequences applicable to them.

The discussion below assumes that the representations contained in the deposit agreement are true and that the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. Generally, a holder of an ADS should be treated for the U.S. federal income tax purposes as holding the ordinary shares represented by the ADS. Accordingly, no gain or loss will be recognized upon an exchange of ADSs for ordinary shares. The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying security. Accordingly the creditability of foreign taxes, if any, as described below, could be affected by actions taken by intermediaries in the chain of ownership between the holders of ADSs and our company if as a result of such actions the holders of ADSs are not properly treated as beneficial owners of underlying ordinary shares.

Passive Foreign Investment Company

Based on the value and composition of our assets, we may be a PFIC for U.S. federal income tax purposes for our current taxable year and future taxable years. A non-U.S. corporation is considered a PFIC for any taxable year if either:

- at least 75% of its gross income for such taxable year is passive income, or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income.

For purposes of the above calculations, if a non-U.S. corporation owns, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, it will be treated as if it (a) held a proportionate share of the assets of such other corporation and (b) received directly a proportionate share of the income of such other corporation. Passive income generally includes dividends, interest, rents, royalties and capital gains, but generally excludes rents and royalties which are derived in the active conduct of a trade or business and which are received from a person other than a related person.

A separate determination must be made each taxable year as to whether we are a PFIC (after the close of each such taxable year). Because the value of our assets for purposes of the asset test will generally be determined by reference to the market price of the ADSs, our PFIC status will depend in large part on the market price of the ADSs, which may fluctuate significantly. Based on our retention of a significant amount of cash and cash equivalents, and depending on the market price of the ADSs, we may be a PFIC for the current taxable year and future taxable years.

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If we are a PFIC for any year during which you hold the ADSs, we generally will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold the ADSs, unless we cease to be a PFIC and you make a “deemed sale” election with respect to the ADSs you hold. If such election is made, you will be deemed to have sold the ADSs you hold at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain from such deemed sale would be subject to the consequences described below. After the deemed sale election, the ADSs with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC.

For each taxable year we are treated as a PFIC with respect to you, you will be subject to special tax rules with respect to any “excess distribution” you receive and any gain you realize from a sale or other disposition (including a pledge) of the ADSs, unless you make a “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs will be treated as an excess distribution. Under these special tax rules, if you receive any excess distribution or realize any gain from a sale or other disposition of the ADSs:

- the excess distribution or gain will be allocated ratably over your holding period for the ADSs,
- the amount allocated to the current taxable year, and any taxable year before the first taxable year in which we were a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years before the year of disposition or “excess distribution” cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale of the ADSs cannot be treated as capital, even if you hold the ADSs as capital assets.

If we are treated as a PFIC with respect to you for any taxable year, to the extent any of our subsidiaries are also PFICs, you will be deemed to own your proportionate share of any such lower-tier PFIC, and you may be subject to the rules described in the preceding two paragraphs with respect to the shares of such lower-tier PFICs you would be deemed to own. As a result, you may incur liability for any “excess distribution” described above if we receive a distribution from such lower-tier PFICs or if any shares in such lower-tier PFICs are disposed of (or deemed disposed of). You should consult your tax advisor regarding the application of the PFIC rules to any of our subsidiaries.

Alternatively, a U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election for such stock to elect out of the general tax treatment for PFICs discussed above. If you make a mark-to-market election for the ADSs, you will include in income for each year we are a PFIC an amount equal to the excess, if any, of the fair market value of the ADSs as of the close of your taxable year over your adjusted basis in such ordinary shares. You are allowed a deduction for the excess, if any, of the adjusted basis of the ADSs over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the ADSs included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the ADSs, as well as to any loss realized on the actual sale or disposition of the ADSs to the extent the amount of such loss does not exceed the net mark-to-market gains previously included for the ADSs. Your basis in the ADSs will be adjusted to reflect any such income or loss amounts. If you make a valid mark-to-market election, the tax rules that apply to distributions by corporations which are not PFICs would apply to distributions by us, except the lower applicable tax rate for qualified dividend income would not apply. If we cease to be a PFIC when you have a mark-to-market election in effect, gain or loss

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realized by you on the sale of the ADSs will be a capital gain or loss and taxed in the manner described below under “Taxation of Disposition of the ADSs.”

The mark-to-market election is available only for “marketable stock,” which is stock that is traded in other than *de minimis* quantities on at least 15 days during each calendar quarter, or regularly traded, on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. Any trades that have as their principal purpose meeting this requirement will be disregarded. We expect the ADSs will be listed on the NASDAQ Global Market and, accordingly, provided the ADSs are regularly traded, if you are a holder of ADSs, the mark-to-market election would be available to you if we are a PFIC. Once made, the election cannot be revoked without the consent of the IRS unless the ADSs cease to be marketable stock. If we are a PFIC for any year in which the U.S. Holder owns ADSs but before a mark-to-market election is made, the interest charge rules described above will apply to any mark-to-market gain recognized in the year the election is made. If any of our subsidiaries are or become PFICs, the mark-to-market election will not be available with respect to the shares of such subsidiaries that are treated as owned by you. Consequently, you could be subject to the PFIC rules with respect to income of the lower-tier PFICs the value of which already had been taken into account indirectly via mark-to-market adjustments. A U.S. Holder should consult its tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any lower-tier PFICs.

In certain circumstances, a U.S. Holder of stock in a PFIC can make a “qualified electing fund election” to mitigate some of the adverse tax consequences of holding stock in a PFIC by including in income its share of the corporation’s income on a current basis. However, we do not currently intend to prepare or provide the information that would enable you to make a qualified electing fund election.

Unless otherwise provided by the U.S. Treasury, each U.S. shareholder of a PFIC is required to file an annual report containing such information as the U.S. Treasury may require. A U.S. Holder’s failure to file the annual report will cause the statute of limitations for such U.S. Holder’s U.S. federal income tax return to remain open with regard to the items required to be included in such report until three years after the U.S. Holder files the annual report, and, unless such failure is due to reasonable cause and not willful neglect, the statute of limitations for the U.S. Holder’s entire U.S. federal income tax return will remain open during such period. U.S. Holders should consult their tax advisors regarding the requirements of filing such information returns under these rules, taking into account the uncertainty as to whether we are currently treated as or may become a PFIC.

YOU ARE STRONGLY URGED TO CONSULT YOUR TAX ADVISOR REGARDING THE IMPACT OF OUR POTENTIAL PFIC STATUS ON YOUR INVESTMENT IN THE ADSs AS WELL AS THE APPLICATION OF THE PFIC RULES TO YOUR INVESTMENT IN THE ADSs.

Taxation of Dividends and Other Distributions on the ADSs

Subject to the PFIC rules discussed above, the gross amount of any distribution to you with respect to the ADSs will be included in your gross income as dividend income when actually or constructively received to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). To the extent the amount of the distribution exceeds our current and accumulated earnings and profits, it will be treated first as a return of your tax basis in the ADSs, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain. We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect a distribution will generally be reported as ordinary dividend income for such purposes. Any dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other U.S. corporations.

If we are eligible for benefits under the Treaty, dividends a U.S. Holder receives from us generally will be “qualified dividend income.” If certain holding period and other requirements, including a requirement that we are not a PFIC in the year of the dividend or the immediately preceding year, are met, qualified dividend

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income of an individual or other non-corporate U.S. Holder generally will be subject to preferential tax rates. As discussed above, we believe we may be a PFIC for our current taxable year and future taxable years. You should consult your tax advisor regarding the availability of this preferential tax rate under your particular circumstances.

As discussed in “Taxation—Danish Tax Considerations,” payments of dividends by us may be subject to Danish withholding tax. The rate of withholding tax applicable to U.S. Holders that are eligible for benefits under the Treaty is reduced to a maximum of 15%. For U.S. federal income tax purposes, U.S. Holders will be treated as having received the amount of Danish taxes withheld by us, and as then having paid over the withheld taxes to the Danish taxing authorities. As a result of this rule, the amount of dividend income included in gross income for U.S. federal income tax purposes by a U.S. Holder with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by the U.S. Holder from us with respect to the payment.

Dividends will generally constitute foreign source income for foreign tax credit limitation purposes. Subject to the discussion of the PFIC rules above, any tax withheld with respect to distributions on the ADSs at the rate applicable to a U.S. Holder may, subject to a number of complex limitations, be claimed as a foreign tax credit against such U.S. Holder’s U.S. federal income tax liability or may be claimed as a deduction for U.S. federal income tax purposes. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to the ADSs generally will constitute “passive category income” or “general category income.” The rules with respect to the foreign tax credit are complex and involve the application of rules that depend upon a U.S. Holder’s particular circumstances. You are urged to consult your tax advisor regarding the availability of the foreign tax credit under your particular circumstances.

Taxation of Disposition of the ADSs

Subject to the PFIC rules discussed above, you will recognize gain or loss on any sale, exchange or other taxable disposition of an ADS equal to the difference between the amount realized (in U.S. dollars) on the disposition of the ADS and your tax basis (in U.S. dollars) in the ADS. Any such gain or loss will be capital gain or loss, and will be long-term capital gain or loss if you have held the ADS for more than one year at the time of sale, exchange or other taxable disposition. Otherwise, such gain or loss will be short-term capital gain or loss. Long-term capital gains recognized by certain non-corporate U.S. Holders, including individuals, generally will be taxable at a reduced rate. The deductibility of capital losses is subject to limitations. Any such gain or loss you recognize generally will be treated as U.S. source income or loss for foreign tax credit limitation purposes. As discussed above in “—Passive Foreign Investment Company,” however, we may be a PFIC for our current taxable year and future taxable years. If we are a PFIC, any such gain will be subject to the PFIC rules, as discussed above, rather than being taxed as capital gain. See “—Passive Foreign Investment Company” above.

Information Reporting and Backup Withholding

Dividend payments with respect to the ADSs and proceeds from the sale, exchange or other disposition of the ADSs may be subject to information reporting to the IRS and U.S. backup withholding. Certain U.S. Holders are exempt from backup withholding, including corporations and certain tax-exempt organizations. A U.S. Holder will be subject to backup withholding if such holder is not otherwise exempt and such holder:

- fails to furnish the holder’s taxpayer identification number, which for an individual is ordinarily his or her social security number;
- furnishes an incorrect taxpayer identification number;
- is notified by the IRS that the holder previously failed to properly report payments of interest or dividends; or

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- fails to certify under penalties of perjury that the holder has furnished a correct taxpayer identification number and that the IRS has not notified the holder that the holder is subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. U.S. Holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption.

Additional Reporting Requirements

Tax return disclosure obligations (and related penalties for failure to disclose) apply to certain U.S. Holders who hold certain specified foreign financial assets in excess of certain thresholds. The definition of specified foreign financial assets includes not only financial accounts maintained in foreign financial institutions, but also may include the ADSs. U.S. Holders should consult their tax advisors regarding the possible implications of these tax return disclosure obligations.

UNDERWRITING

Merrill Lynch, Pierce, Fenner & Smith Incorporated and Leerink Partners LLC are acting as the representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the number of ADSs set forth opposite its name below.

Underwriter	Number of ADSs
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Leerink Partners LLC	
Wells Fargo Securities, LLC	
Total	<u>5,000,000</u>

Subject to the terms and conditions set forth in the underwriting agreement, the underwriters have agreed, severally and not jointly, to purchase all of the ADSs sold under the underwriting agreement if any of these ADSs are purchased. If an underwriter defaults, the underwriting agreement provides that the commitments of the non-defaulting underwriters may be increased or the underwriting agreement may be terminated.

Any purchases of ADSs by the underwriters pursuant to the underwriting agreement are carried out by the underwriters agreeing, severally and not jointly, to subscribe for ordinary shares and deposit such ordinary shares with the depository, receiving in return the ADSs.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The underwriters are offering ADSs representing ordinary shares that they subscribe for pursuant to the underwriting agreement, subject to prior issue, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the ADSs and the shares underlying the ADSs, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions

The representatives have advised us that the underwriters propose initially to offer the ADSs to the public at the public offering price set forth on the cover page of this prospectus and to dealers at that price less a concession not in excess of \$ per ADS. After the initial offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the public offering price, underwriting proceeds before expenses to us. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional ADSs.

	Per ADS	Without Option	With Option
Public offering price	\$	\$	\$
Underwriting commission	\$	\$	\$
Proceeds, before expenses, to Ascendis	\$	\$	\$

The expenses of the offering, not including the underwriting commission, are estimated at \$4.0 million and are payable by us. We have also agreed to reimburse the underwriters for their expenses relating to clearance of this offering with the Financial Industry Regulatory Authority in an amount up to \$20,000.

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Option to Purchase Additional ADSs

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to subscribe for up to 750,000 additional ADSs at the public offering price, less the underwriting commission. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional ADSs proportionate to that underwriter's initial amount reflected in the above table.

No Sales of Similar Securities

We, our executive officers and directors and our other existing security holders have agreed not to sell or transfer any ordinary shares or securities convertible into, exchangeable for, exercisable for, or repayable with ordinary shares, which includes the ADSs, for 180 days after the date of this prospectus without first obtaining the written consent of Merrill Lynch, Pierce, Fenner & Smith Incorporated. Specifically, we and these other persons have agreed, with certain limited exceptions, not to directly or indirectly

- offer, pledge, sell or contract to sell any ordinary shares,
- sell any option or contract to subscribe for any ordinary shares,
- purchase any option or contract to sell any ordinary shares,
- grant any option, right or warrant for the sale of any ordinary shares,
- otherwise dispose of or transfer any ordinary shares,
- request or demand that we file a registration statement related to the ordinary shares, or
- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any ordinary shares whether any such swap or transaction is to be settled by delivery of shares or other securities, in cash or otherwise.

The NASDAQ Global Market Listing

We anticipate that the ADSs will be approved for listing on The NASDAQ Global Market under the symbol "ASND."

Before this offering, there has been no public market for our ordinary shares or ADSs. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price are

- the valuation multiples of publicly traded companies that the representatives believe to be comparable to us,
- our financial information,
- the history of, and the prospects for, our company and the industry in which we compete,
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues,
- the present state of our development, and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

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An active trading market for the ADSs may not develop. It is also possible that after the offering the ADSs will not trade in the public market at or above the initial public offering price.

The underwriters do not expect to sell more than 5% of the ADSs in the aggregate to accounts over which they exercise discretionary authority.

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the ADSs is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing the ADSs. However, the representatives may engage in transactions that stabilize the price of the ADSs, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell the ADSs in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of ADSs than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional ADSs described above. The underwriters may close out any covered short position by either exercising their option to purchase additional ADSs or purchasing ADSs in the open market. In determining the source of ADSs to close out the covered short position, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market as compared to the price at which they may purchase ADSs through the option granted to them. "Naked" short sales are sales in excess of such option. The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase ADSs in the offering. Stabilizing transactions consist of various bids for or purchases of ADSs made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting commission received by it because the representatives have repurchased ADSs sold by or for the account of such underwriters in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the ADSs or preventing or retarding a decline in the market price of the ADSs. As a result, the price of the ADSs may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the Nasdaq Global Market, in the over-the-counter market or otherwise.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the ADSs. In addition, neither we nor any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

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In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (each, a “Relevant Member State”), no offer of ADSs may be made to the public in that Relevant Member State other than:

- A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- B. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
- C. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of ADSs shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any ADSs or to whom any offer is made will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. In the case of any ADSs being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the ADSs acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any ADSs to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

The Company, the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This prospectus has been prepared on the basis that any offer of ADSs in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of ADSs. Accordingly any person making or intending to make an offer in that Relevant Member State of ADSs which are the subject of the offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the underwriters have authorized, nor do they authorize, the making of any offer of ADSs in circumstances in which an obligation arises for the Company or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression “an offer to the public” in relation to any ADSs in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the ADSs to be offered so as to enable an investor to decide to purchase or purchase

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for the ADSs, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

The ADSs may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the ADSs or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the ADSs have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of ADSs will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of ADSs has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of ADSs.

Notice to Prospective Investors in the Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (“DFSA”). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The ADSs to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the ADSs offered should conduct their own due diligence on the ADSs. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Notice to Prospective Investors in Australia

No placement document, prospectus, product disclosure statement or other disclosure document has been lodged with the Australian Securities and Investments Commission (“ASIC”), in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement or other disclosure document

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under the Corporations Act 2001 (the “Corporations Act”), and does not purport to include the information required for a prospectus, product disclosure statement or other disclosure document under the Corporations Act.

Any offer in Australia of the ADSs may only be made to persons (the “Exempt Investors”) who are “sophisticated investors” (within the meaning of section 708(8) of the Corporations Act), “professional investors” (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the ADSs without disclosure to investors under Chapter 6D of the Corporations Act.

The ADSs applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring ADSs must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives and circumstances, and, if necessary, seek expert advice on those matters.

Notice to Prospective Investors in Hong Kong

The securities have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the securities has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, will not be offered or sold, directly or indirectly, in Japan, or for the benefit of any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person, except in compliance with all applicable laws, regulations and ministerial guidelines promulgated by relevant Japanese governmental or regulatory authorities in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Non-CIS Securities may not be circulated or distributed, nor may the Non-CIS Securities be offered or sold, or be made the subject of an invitation for subscription or purchase,

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whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Non-CIS Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Non-CIS Securities pursuant to an offer made under Section 275 of the SFA except:

- (c) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (d) where no consideration is or will be given for the transfer;
- (e) where the transfer is by operation of law;
- (f) as specified in Section 276(7) of the SFA; or
- (g) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

EXPENSES OF THIS OFFERING

The following table sets forth the costs and expenses, other than the underwriting commission, payable by us in connection with the sale of the ADSs being registered. All amounts are estimates except for the Securities and Exchange Commission, or SEC, registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee and The NASDAQ Global Market listing fee.

<u>Item</u>	<u>Amount to be paid</u>
SEC registration fee	\$ 12,027
FINRA filing fee	16,025
The NASDAQ Global Market Listing fee	125,000
Printing and engraving expenses	300,000
Legal fees and expenses	2,000,000
Accounting fees and expenses	1,200,000
Miscellaneous expenses	346,948
Total	<u>\$ 4,000,000</u>

LEGAL MATTERS

The validity of the issuance of the ADSs offered in this prospectus and certain other matters of Danish law will be passed upon for us by Mazanti-Andersen Korsø Jensen, Copenhagen, Denmark. Certain matters of U.S. law will be passed upon for us by Latham & Watkins LLP, Menlo Park, California. Cooley LLP, New York, New York, and Kromann Reumert, Copenhagen, Denmark, are acting as counsel for the underwriters in connection with this offering.

EXPERTS

The consolidated financial statements as of December 31, 2013, December 31, 2012 and January 1, 2012, and for each of the two years in the period ended December 31, 2013 included in this Registration Statement, have been audited by Deloitte Statsautoriseret Revisionspartnerselskab, an independent registered public accounting firm, as stated in their report appearing herein and elsewhere in the Registration Statement (which report expresses an unqualified opinion on the financial statements and includes an explanatory paragraph referring to the restatement of the previously issued consolidated financial statements for the year ended December 31, 2013 and substantial doubts over going concern, as described in Note 1). Such financial statements have been so included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing. The offices of Deloitte Statsautoriseret Revisionspartnerselskab are located at Weidekampsgade 6, 2300 Copenhagen, Denmark.

ENFORCEMENT OF CIVIL LIABILITIES

We are organized under the laws of Denmark, with domicile in the municipality of Gentofte, Denmark.

Some of the members of the board of directors and the executive board named herein are residents of Denmark or other jurisdictions outside the United States. All or a substantial portion of ours and such persons' assets are located in Denmark or other jurisdictions outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or us with respect to litigation that may arise under

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U.S. federal securities law or to enforce against them or our company judgments obtained in U.S. courts, whether or not such judgments were made pursuant to civil liability provisions of the federal or state securities laws of the United States or any other laws of the United States.

We have been advised by our Danish legal advisors, Mazanti-Andersen Korsø Jensen, that there is not currently a treaty between the United States and Denmark providing for reciprocal recognition and enforceability of judgments rendered in connection with civil and commercial disputes and, accordingly, that a final judgment rendered by a U.S. court based on civil liability would not be enforceable in Denmark. Considerable uncertainty exists whether Danish courts would allow actions to be predicated on the securities laws of the United States or other jurisdictions outside Denmark. Awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in Denmark.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form F-1 under the Securities Act with respect to the ADSs offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information with respect to Ascendis Pharma and the ADSs offered hereby, reference is made to the registration statement and the exhibits and schedules filed therewith. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. A copy of the registration statement and the exhibits and schedules filed therewith may be inspected without charge at the public reference room maintained by the SEC, located at 100 F Street N.E., Room 1580, Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from such offices upon the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains a website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address is www.sec.gov.

After this offering, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, applicable to foreign private issuers. Because we are a foreign private issuer, the SEC's rules do not require us to deliver proxy statements or to file quarterly reports on Form 10-Q, among other things. However, we plan to produce quarterly financial reports and furnish them to the SEC after the end of each of the first three quarters of our fiscal year and to file our annual report on Form 20-F within four months after the end of our fiscal year. In addition, our "insiders" are not subject to the SEC's rules that prohibit short-swing trading. Our annual consolidated financial statements will be prepared in accordance with IFRS as issued by the IASB and certified by an independent public accounting firm.

We will send the depositary a copy of all notices of shareholders meetings and other reports, communications and information that are made generally available to shareholders. The depositary has agreed to mail to all holders of ADSs a notice containing the information (or a summary of the information) contained in any notice of a meeting of our shareholders received by the depositary and will make available to all holders of ADSs such notices and all such other reports and communications received by the depositary.

ASCENDIS PHARMA A/S

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**Unaudited Condensed Consolidated Interim Statements of Profit or Loss
and Other Comprehensive Income for the Nine Months Ended September 30**

	Notes	Consolidated	
		2014	2013
(EUR'000)			
Revenue	4	11,157	14,849
Research and development costs		(12,177)	(9,987)
General and administrative expenses		(3,908)	(1,864)
Operating profit / (loss)		(4,928)	2,998
Finance income		493	111
Finance expenses		(102)	(314)
Profit / (loss) before tax		(4,537)	2,795
Tax on profit / (loss) for the period		(83)	(970)
Net profit / (loss) for the period		(4,620)	1,825
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		3	(12)
Other comprehensive income / (loss) for the period, net of tax		3	(12)
Total comprehensive income / (loss) for the period, net of tax		(4,617)	1,813
Profit / (loss) for the period attributable to owners of the Company		(4,620)	1,825
Total comprehensive income / (loss) for the period attributable to owners of the Company		(4,617)	1,813
		EUR	EUR
Basic and diluted earnings per share, preference C shares		(0.55)	0.22
Basic and diluted earnings per share, preference B shares		—	—
Basic and diluted earnings per share, ordinary A shares		—	—

Dividends shall be distributed in accordance with the Shareholders' Agreement, according to which holders of preference C shares will be entitled to receive an amount per preference C share corresponding to the subscription price paid per preference C share. Accordingly, no part of the profit for the year will be attributable to holders of the preference B shares or the ordinary A shares. As the outstanding equity instruments will convert into ordinary shares, it will not be entitled to dividends for the years presented and accordingly, basic and diluted earnings per share are identical.

Unaudited Condensed Consolidated Interim Statements of Financial Position

		Consolidated		
		September 30,	As of	September 30,
	Notes	2014	December 31,	2013
			2013	
			(EUR'000)	
Assets				
Non-current assets				
Intangible assets		3,495	3,495	3,495
Property, plant and equipment		1,971	1,974	1,378
Deposits		140	32	32
		<u>5,606</u>	<u>5,501</u>	<u>4,905</u>
Current assets				
Trade receivables		1,168	1,705	2,371
Other receivables		254	—	253
Prepayments		775	64	35
Prepaid income taxes		16	—	2
Cash and cash equivalents		7,909	19,430	23,085
		<u>10,122</u>	<u>21,199</u>	<u>25,746</u>
Total assets		<u>15,728</u>	<u>26,700</u>	<u>30,651</u>
Equity and liabilities				
Equity				
Share capital	8	1,448	1,448	1,448
Other reserves		3,537	2,719	2,540
Retained earnings		(2,486)	2,134	(121)
Total equity		<u>2,499</u>	<u>6,301</u>	<u>3,867</u>
Current liabilities				
Finance lease liabilities		—	—	47
Trade payables and other payables		3,044	2,520	1,978
Deferred income	9	9,697	17,470	23,806
Income taxes payable		488	409	953
		<u>13,229</u>	<u>20,399</u>	<u>26,784</u>
Total liabilities		<u>13,229</u>	<u>20,399</u>	<u>26,784</u>
Total equity and liabilities		<u>15,728</u>	<u>26,700</u>	<u>30,651</u>

Unaudited Condensed Consolidated Interim Statements of Changes in Equity

	Share Capital	Foreign Currency Translation Reserve	Share- based Payment Reserve (EUR'000)	Retained Earnings	Total
Equity at January 1, 2013	1,448	(51)	2,105	(1,946)	1,556
Profit for the period	—	—	—	1,825	1,825
Other comprehensive loss, net of tax	—	(12)	—	—	(12)
Total comprehensive income / (loss)	—	(12)	—	(121)	1,813
Share-based payment (Note 6)	—	—	498	—	498
Equity at September 30, 2013	1,448	(63)	2,603	(121)	3,867
Profit for the period	—	—	—	2,254	2,254
Other comprehensive income / (loss)	—	6	—	—	6
Total comprehensive income / (loss)	—	6	—	2,254	2,260
Share-based payment (Note 6)	—	—	173	—	173
Equity at December 31, 2013	1,448	(57)	2,776	2,134	6,301
Loss for the period	—	—	—	(4,620)	(4,620)
Other comprehensive income, net of tax	—	3	—	—	3
Total comprehensive income / (loss)	—	3	—	(4,620)	(4,617)
Share-based payment (Note 6)	—	—	815	—	815
Equity at September 30, 2014	1,448	(54)	3,591	(2,486)	2,499

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**Unaudited Condensed Consolidated Interim Cash Flow Statements for the
Nine Months Ended September 30**

	Notes	Consolidated	
		2014	2013
		(EUR'000)	
Operating activities			
Net profit / (loss) for the period		(4,620)	1,825
Reversal of finance income		(493)	(111)
Reversal of finance expenses		102	314
Reversal of tax charge		83	970
Adjustments for:			
Share-based payment		815	498
Depreciation and amortization		369	282
Changes in working capital:			
Deposits		(108)	(2)
Trade receivables		537	3,346
Other receivables		(254)	100
Prepayments		(307)	55
Trade payables and other payables		726	(564)
Deferred Income		(7,773)	2,722
Cash flows generated from / used in operations		(10,923)	9,435
Finance income received		493	111
Finance expenses paid		(102)	(314)
Income taxes paid		(219)	(41)
Cash flows generated from / used in operating activities		(10,751)	9,191
Investing activities			
Acquisition of property, plant and equipment		(366)	(476)
Cash flows used in investing activities		(366)	(476)
Financing activities			
Instalments on long-term financial liabilities		—	(165)
Prepaid IPO-costs		(404)	—
Cash flows used in financing activities		(404)	(165)
Increase / (decrease) in cash and cash equivalents		(11,521)	8,550
Cash and cash equivalents at January 1		19,430	14,535
Cash and cash equivalents at September 30		7,909	23,085

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Note 1—General Information

Ascendis Pharma A/S is a company incorporated in 2006 and headquartered in Hellerup, Denmark. Ascendis Pharma A/S, together with its subsidiaries, applies its TransCon technology to develop a pipeline of long-acting prodrug therapies with best-in-class profiles that address significant unmet medical needs. Unless the context otherwise requires, references to the “Company,” “Ascendis,” “we,” “us” and “our” refer to Ascendis Pharma A/S and its subsidiaries.

The address of the Company’s registered office is Tuborg Boulevard 12, DK-2900 Hellerup.

These condensed consolidated interim financial statements were approved by our Board of Directors on December 18, 2014.

Going Concern

We have been engaged in research and development activities since we commenced operations in 2007, and have funded our operations through the issuance of equity and debt, and by entering into collaboration agreements that provide up-front payments, milestone payments and service fees. Our condensed consolidated financial statements have been prepared on the basis that we are a going concern. In October 2014, we and United Therapeutics terminated our collaboration agreement, mutually released each other from claims and United Therapeutics transferred the TransCon Treprostinil program, including the Investigational New Drug Application (IND), to us. This termination reduced the milestone payments and service fees we otherwise expected to receive in 2014, as well as future milestone payments. Accordingly, in the notes to the consolidated financial statements for 2013 approved by our board of directors on August 1, 2014, we expressed substantial doubt about our ability to continue as a going concern as the cash position and projected cash inflow from operating activities during the remainder of 2014 might not have been sufficient to meet our obligations, support our operations and fully execute our strategic plan through December 31, 2014 and beyond.

In November 2014, we raised gross proceeds of €48 million (\$60 million) through a Series D financing from a syndicate of new and existing investors and we issued a total of 6,133,832 preference D shares. We believe this financing provides sufficient funds for us to continue as a going concern.

Bonus share issuance

All share and per share data in the unaudited condensed consolidated interim financial statements give retroactive effect to a bonus issue of shares in the ratio of 3:1 of the Company’s authorised, issued and outstanding ordinary and preference shares, which was effective on January 13, 2015, with the corresponding impacts on both share capital and retained earnings also retroactively recognised. Retrospective effect has also been given with respect to the share and per share data for the warrants.

Note 2—Summary of Significant Accounting Policies

Basis of Preparation

The unaudited condensed consolidated interim financial statements of the Company were prepared in accordance with International Accounting Standard 34, “Interim Financial Statements” (“IAS 34”). Certain information and disclosures normally included in the consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) have been condensed or omitted. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2013 and accompanying notes, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in Note 3.

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements have been consistently applied to all the periods presented, unless otherwise stated and are consistent with those of the Company's most recent annual consolidated financial statements.

Changes in Accounting Policies

The accounting policies are consistent with those of the previous year, except for the Company adopting Amendments to IAS 32, "Offsetting Financial Assets and Financial Liabilities" as of January 1, 2014. These amendments to IAS 32 clarifies the meaning of "currently has a legally enforceable right to set-off" and clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments became effective for annual periods beginning on or after January 1, 2014. These amendments have not impacted our financial position or performance.

IASB has issued and the EU has adopted a number of new or amended standards and interpretations, which have not yet become effective, for which reason they have not been incorporated in these consolidated financial statements. We are currently in the process of assessing the impact of these standards.

Note 3—Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of our accounting policies, we are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments made in the process of applying our accounting policies and that have the most significant effect on the amounts recognized in our condensed consolidated financial statements relate to revenue recognition, share-based payment, internally generated intangible assets, and joint arrangements / collaboration agreements.

The key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year relate to impairment of goodwill and to useful lives of property, plant and equipment and finite-lived intangible assets. There have been no changes to the applied useful lives of property, plant and equipment or finite-lived intangible assets, and no impairment losses have been recognized during the first nine months of 2014.

The condensed consolidated interim financial statements do not include all disclosures for critical accounting estimates and judgments that are required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2013.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements**Note 4—Revenue**

	Consolidated Nine Months Ended September 30,	
	2014	2013
	(EUR'000)	
Revenue from the rendering of services	4,496	3,392
License income	6,661	11,457
Total revenue	11,157	14,849
Revenue from external customers (geographical)		
USA	9,051	7,800
Germany	2,106	7,049
Total revenue	11,157	14,849

Note 5—Segment Information

We are managed and operated as one business unit. No separate business areas or separate business units have been identified in relation to product candidates or geographical markets. Accordingly, we do not disclose information on business segments or geographical markets, except for the geographical information on revenue included in Note 4 and the information regarding major customers included below.

In the condensed consolidated interim financial statements for the nine months ended September 30, 2014, three single customers each account for more than 10% of total revenue. The revenue from each customer amounts to €5.9 million (53%); €3.2 million (28%); and €2.1 million (19%), respectively.

In the condensed consolidated financial statements for the nine months ended September 30, 2013, three single customers each account for more than 10% of total revenue. The revenue from each customer amounts to €7.0 million (47%); €5.7 million (39%); and €2.1 million (14%), respectively.

Note 6—Warrants and Share-based Payment***Share-based payment***

Ascendis Pharma A/S has established warrant programs, equity-settled share-based payment transactions, as an incentive for all of our employees, members of the Board of Directors and select external consultants.

Warrants are granted by the Board of Directors in accordance with authorizations given to it by the shareholders of Ascendis Pharma A/S. The Board of Directors has been authorized to grant up to 2,454,984 warrants to our employees, board members and select consultants without pre-emptive subscription rights for the shareholders of Ascendis Pharma A/S. As of September 30, 2014, 2,452,900 warrants had been granted, of which 19,580 warrants had been cancelled as employees had left the Company. Accordingly, 2,433,326 warrants remained outstanding as of September 30, 2014. Each warrant carries the right to subscribe for one A-share of a nominal value of DKK 1. The exercise price is fixed at the market price at the time of grant. The exercise prices under our warrant programs are €2.65 and €8.00 depending on the grant dates. The periods in which the outstanding warrants can be exercised include January 1 to January 21 and August 1 to August 21 in each year until 2015 for the first program and until 2023 for the second program. Apart from exercise prices and exercise periods, the programs are similar.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements***Warrant Activity***

The following table specifies the warrant activity during the first 9 months of 2014:

	Total Warrants	Weighted Average Exercise Price EUR
Outstanding at January 1, 2013	1,940,412	4.89
Granted during the period	171,888	8.00
Exercised during the period	—	—
Forfeited during the period	—	—
Expired during the period	—	—
Outstanding at September 30, 2013	2,112,300	5.15
Granted during the period	12,000	8.00
Exercised during the period	—	—
Forfeited during the period	—	—
Expired during the period	—	—
Outstanding at December 31, 2013	2,124,300	5.16
Granted during the year	328,600	8.00
Exercised during the year	—	—
Forfeited during the year	(19,580)	7.91
Expired during the year	—	—
Outstanding at September 30, 2014	2,433,320	5.52
Vested at the balance sheet date	1,619,120	4.28

Warrant Compensation Costs

Warrant compensation costs are determined with basis in the grant date fair value of the warrants granted and recognized over the vesting period. Fair value of the warrants is calculated at the grant dates by use of the Black-Scholes Option Pricing model with the following assumptions: (1) an exercise price equal to or above the estimated market price of our shares at the date of grant; (2) an expected lifetime of the warrants determined as a weighted average of the time from grant date to date of becoming exercisable and from grant date to expiry of the warrants; (3) a risk free interest rate equalling the effective interest rate on a Danish government bond with the same lifetime as the warrants; (4) no payment of dividends; and (5) a volatility for comparable companies for a historic period equalling the expected lifetime of the warrants. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the warrants is indicative of future trends. The expected volatility has been calculated using a simple average of daily historical data of comparable publicly traded companies.

Warrant compensation cost is recognized in the statement of profit or loss over the vesting period of the warrants granted.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

	Consolidated Nine months Ended September 30,	
	2014	2013
	(EUR'000)	
Research and development costs	448	394
General and administrative expenses	367	104
Total warrant compensation costs	815	498

Note 7—Investments in Group Enterprises

Investments in Group enterprises comprise:

Company	Domicile	Ownership
Ascendis Pharma GmbH	Germany	100%
Ascendis Pharma Inc.	US	100%
Ascendis Pharma, Ophthalmology Division A/S	Denmark	100%
Ascendis Pharma, Growth Disorders Division A/S	Denmark	100%
Ascendis Pharma, Osteoarthritis Division A/S	Denmark	100%
Ascendis Pharma, Circulatory Diseases Division A/S	Denmark	100%

Note 8—Share Capital

The share capital of Ascendis Pharma A/S consists of 10,801,948 shares at a nominal value of DKK 1, split into the following share classes:

	Number of Shares	Nominal value per share DKK	Nominal value per share DKK
Ordinary A shares	1,293,700	1	1,293,700
Preference B shares	1,099,932	1	1,099,932
Preference C shares	8,408,316	1	8,408,316
Total	10,801,948		10,801,948

In case of a sale, liquidation, bankruptcy or other dissolution of Ascendis Pharma A/S or, in the event of distribution of dividends or any other distribution from Ascendis Pharma A/S to its shareholders, the proceeds shall be distributed in the following order, until the proceeds are exhausted:

First, the holders of Preference C shares will be entitled to receive an amount per Preference C-share corresponding to the subscription price paid per Preference C-share as adjusted for dividend payments, share splits, recapitalizations and similar events.

Second, the holders of Preference B shares will be entitled to receive an amount per Preference B-share corresponding to the subscription price paid per Preference B-share as adjusted for dividend payments, share splits, recapitalizations and similar events.

Third, the holders of the Ordinary A shares will be entitled to receive an aggregate amount of €400 thousand to be divided between the holders of Ordinary A-shares on a pro rata basis.

The balance, if any, will be distributed among all shareholders on a pro rata basis.

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

Any merger or acquisition resulting in a change of control of Ascendis Pharma A/S, or sale of all or substantially all of its assets, or reorganization or other transaction in which there is a change of control of Ascendis Pharma A/S, shall be treated as a liquidation for purposes of the liquidation preferences.

Note 9—Deferred Income

We enter into collaboration agreements which are considered to include multiple elements for revenue recognition purposes. Typically, the collaboration agreements include patent transfers, licenses to our technology platform, development activities and other services related to the development of new products. The elements included in the collaboration agreements typically are inseparable and the payments received from the collaboration partners do not necessarily match the individual deliverables with respect to timing and amount. Accounting for such revenue generating transactions under IAS 18 requires that any consideration received before satisfaction of all criteria for revenue recognition be recognized as deferred income in the balance sheet and recognized as revenue in the income statement as the criteria for revenue recognition are satisfied.

Deferred income can be specified as follows:

	<u>September 30,</u> <u>2014</u>	<u>Consolidated</u> <u>December 31,</u> <u>2013</u> <u>(EUR'000)</u>	<u>September 30,</u> <u>2013</u>
Upfront payments for collaboration agreements	9,697	17,470	23,806
Total deferred income	<u>9,697</u>	<u>17,470</u>	<u>23,806</u>

Note 10—Financial Risk Management and Financial Instruments

Our activities expose us to a variety of financial risks, such as market risk including currency risk and interest rate risk, credit risk and liquidity risk.

The condensed consolidated financial statements do not include all financial risk management information and disclosures as required in annual consolidated financial statements, and should be read in conjunction with the company's annual consolidated financial statements for the year ended December 31, 2013.

Note 11—Subsequent events

In October 2014, we and United Therapeutics terminated our collaboration agreement, mutually released each other from claims, and United Therapeutics transferred the TransCon Treprostinil program, including the IND, to us.

In November 2014, we issued 6,133,832 preference D shares to new and existing investors at a price of €8.0206 (USD 9.7818) per share for aggregate gross proceeds of €48 million (USD 60 million). We believe this financing provides sufficient funds for us to continue as a going concern.

No other events have occurred after the balance sheet date that would have a significant impact on the results or financial position of the Company.



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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Board of Directors and Shareholders of Ascendis Pharma A/S.
Hellerup, Denmark**

We have audited the accompanying consolidated statements of financial position of Ascendis Pharma A/S and subsidiaries (the “Company”) as of December 31, 2013, December 31, 2012 and January 1, 2012, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity, and the consolidated cash flow statements for each of the two years in the period ended December 31, 2013. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Ascendis Pharma A/S and subsidiaries as of December 31, 2013, December 31, 2012 and January 1, 2012, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2013, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, on June 30, 2014, the Company received a notice from one of its collaboration partners informing the Company of such partner’s intent to terminate its collaboration agreement with the Company, which has reduced the Company’s expected future cash flows and gives rise to a substantial doubt about its ability to continue as a going concern. Management’s plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Further as discussed in Note 1 to the consolidated financial statements, the accompanying consolidated financial statements for the year ended December 31, 2013 have been restated to correct a misstatement in the calculation of tax on profit for the year recognised in the consolidated statements of profit or loss and other comprehensive income.

Deloitte Statsautoriseret Revisionspartnerselskab

Copenhagen, August 1, 2014 (January 16, 2015 as to the effects of the bonus share issuance and the consequential impact on the warrants as described in Note 1)

/s/ Jens Sejer Pedersen
State Authorised
Public Accountant

/s/ Flemming Larsen
State Authorised
Public Accountant

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Consolidated Statements of Profit or Loss and Other Comprehensive Income for the Year Ended December 31

	Notes	Consolidated 2013 (Restated)	2012
(EUR'000)			
Revenue	3	20,408	15,583
Research and development costs		(12,713)	(11,380)
General and administrative expenses		(2,416)	(2,690)
Operating profit		5,279	1,513
Finance income	6	158	4
Finance expenses	6	(732)	(232)
Profit before tax		4,705	1,285
Tax on profit for the year	7	(626)	(35)
Net profit for the year		4,079	1,250
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(6)	(51)
Other comprehensive loss for the year, net of tax		(6)	(51)
Total comprehensive income for the year, net of tax		4,073	1,199
Profit for the year attributable to owners of the Company		4,079	1,250
Total comprehensive income for the year attributable to owners of the Company		4,073	1,199
		EUR	EUR
Basic and diluted earnings per share, preference C shares		0.49	0.14
Basic and diluted earnings per share, preference B shares		—	—
Basic and diluted earnings per share, ordinary shares		—	—

Dividends shall be distributed in accordance with the Shareholders' Agreement, according to which holders of preference C shares will be entitled to receive an amount per preference C share corresponding to the subscription price paid per preference C share. Accordingly, no part of the profit for the year will be attributable to holders of ordinary shares. As the outstanding equity instruments will convert into ordinary shares, it will not be entitled to dividends for the years presented and accordingly, basic and diluted earnings per share are identical.

Please refer to Note 1 for an explanation of the restatement.

Consolidated Statements of Financial Position As of

	Notes	December 31, 2013 (Restated)	Consolidated December 31, 2012 (EUR'000)	January 1, 2012
Assets				
Non-current assets				
Intangible assets	8	3,495	3,495	3,495
Property, plant and equipment	9	1,974	1,184	1,318
Deposits		32	30	31
		<u>5,501</u>	<u>4,709</u>	<u>4,844</u>
Current assets				
Trade receivables		1,705	5,718	1,242
Other receivables		—	353	778
Prepayments		64	90	271
Cash and cash equivalents		19,430	14,535	15,683
		<u>21,199</u>	<u>20,696</u>	<u>17,974</u>
Total assets		<u>26,700</u>	<u>25,405</u>	<u>22,818</u>
Equity and liabilities				
Equity				
Share capital	11	1,448	1,448	1,448
Other reserves	12	2,719	2,054	1,980
Retained earnings/(accumulated deficit)		2,134	(1,946)	(3,195)
Total equity		<u>6,301</u>	<u>1,556</u>	<u>233</u>
Non-current liabilities				
Finance lease liabilities		—	—	213
		<u>—</u>	<u>—</u>	<u>213</u>
Current liabilities				
Finance lease liabilities		—	212	187
Trade payables and other payables		2,520	2,532	2,518
Deferred income	13	17,470	21,084	19,667
Income taxes payable	7	409	21	—
		<u>20,399</u>	<u>23,849</u>	<u>22,372</u>
Total liabilities		<u>20,399</u>	<u>23,849</u>	<u>22,585</u>
Total equity and liabilities		<u>26,700</u>	<u>25,405</u>	<u>22,818</u>

Please refer to Note 1 for an explanation of the restatement.

Consolidated Statements of Changes in Equity

	Share Capital	Foreign Currency Translation Reserve	Share-based Payment Reserve (EUR'000)	Retained Earnings	Total
Equity at January 1, 2012 (as previously reported under Danish GAAP)	362	—	—	16,549	16,911
Effects of conversion to EUR	—	—	—	(11)	(11)
Bonus share issuance (Note 18)	1,086	—	—	(1,086)	—
IFRS adjustments (Note 18)	—	—	1,980	(18,647)	(16,667)
Equity at January 1, 2012 (according to IFRS)	1,448	—	1,980	(3,195)	233
Profit for the year	—	—	—	1,250	1,250
Other comprehensive loss, net of tax	—	(51)	—	—	(51)
Total comprehensive (loss)/income	—	(51)	—	1,250	1,199
Share-based payment (Note 5)	—	—	124	—	124
Equity at December 31, 2012	1,448	(51)	2,105	(1,946)	1,556
Profit for the year (restated)	—	—	—	4,079	4,079
Other comprehensive loss, net of tax	—	(6)	—	—	(6)
Total comprehensive loss/income (restated)	—	(6)	—	4,079	4,073
Share-based payment (Note 5)	—	—	671	—	671
Equity at December 31, 2013 (restated)	1,448	(57)	2,776	2,134	6,301

Please refer to Note 1 for an explanation of the restatement.

Consolidated Cash Flow Statements for the year Ended December 31

	Consolidated	
	2013	2012
	(Restated)	(EUR'000)
Operating activities		
Net profit for the year	4,079	1,250
Reversal of finance income	(158)	(4)
Reversal of finance expenses	732	232
Reversal of tax charge	626	35
Adjustments for:		
Share-based payment	671	125
Depreciation and amortization	405	425
Changes in working capital:		
Deposits	(2)	1
Trade receivables	4,013	(4,476)
Other receivables	353	425
Prepayments	26	182
Trade payables and other payables	(12)	13
Deferred income	(3,614)	1,417
Income taxes payable	(239)	(14)
Cash flows generated from/(used in) operations	6,880	(389)
Finance income received	115	159
Finance expenses paid	(685)	(422)
Cash flows from/(used in) operating activities	6,310	(652)
Investing activities		
Acquisition of property, plant and equipment	(1,195)	(291)
Cash flows used in investing activities	(1,195)	(291)
Financing activities		
Installments on long-term financial liabilities	(220)	(205)
Cash flows used in financing activities	(220)	(205)
Increase / (decrease) in cash and cash equivalents	4,895	(1,148)
Cash and cash equivalents at January 1	14,535	15,683
Cash and cash equivalents at December 31	19,430	14,535

Please refer to Note 1 for an explanation of the restatement.

Notes to the Consolidated Financial Statements

Note 1—Summary of Significant Accounting Policies

Ascendis Pharma A/S is a company incorporated in 2006 and headquartered in Hellerup, Denmark. Ascendis Pharma A/S, together with its subsidiaries, is a biotechnology company that applies its TransCon technology to develop a pipeline of long-acting prodrug therapies with best-in-class profiles that address large markets with significant unmet medical needs. Unless the context otherwise requires, references to the “company,” “Ascendis,” “we,” “us” and “our” refer to Ascendis Pharma A/S and its subsidiaries.

The address of its registered office is Tuborg Boulevard 12, DK-2900 Hellerup.

Going Concern

We have been engaged in research and development activities since we commenced operations in 2007, and have funded our operations through the issuance of equity, convertible debt, and by entering into collaboration agreements that provide up-front payments, milestone payments and service fees. Our consolidated financial statements have been prepared on the basis that we are a going concern and do not include any adjustments that may be necessary should we be unable to continue as a going concern.

In June 2014, we received a notice from United Therapeutics informing us of its intent to terminate the collaboration agreement for convenience, and we are in the process of negotiating termination of the agreement and the transition of the program back to us. The termination of the collaboration agreement has reduced the milestone payments and service fees we expected to receive in 2014, as well as future milestone payments. Accordingly, we believe that our cash position of approximately €19.4 million as of December 31, 2013, and our projected cash inflow from operating activities during 2014, will not be sufficient to meet our obligations, support our operations and fully execute our strategic plan through December 31, 2014.

To execute our plans through 2014, we must obtain additional cash through the issuance of equity or debt, or enter into new collaboration agreements that provide up-front payments, milestone payments or service fees for use in funding our operations. Substantial revenue streams will likely not be available until and unless we are able to enter into new strategic collaborations with substantial up-front payments, advance development of products covered under our current collaborations with Sanofi and Genentech to a stage that results in milestone payments to us, or when and if any of our product candidates are approved by the FDA, the EMA or comparable regulatory authorities in other countries and successfully commercialized, either by us or one of our collaboration partners. Therefore, our continuation as a going concern is dependent upon our ability to obtain additional funding. There is no assurance that additional funding will be available when needed on acceptable terms, or at all, or that it will be available in amounts that will allow us to continue as a going concern. Accordingly, there exists substantial doubt regarding our ability to continue as a going concern.

Changes in Accounting Policies

Prior to 2013, we prepared our consolidated financial statements in accordance with Generally Accepted Accounting Principles in Denmark, or Danish GAAP, and the presentation currency of those consolidated financial statements was the Danish Krone, or DKK. Effective January 1, 2013, we changed our presentation currency to the Euro, or EUR, and began presenting our consolidated financial statements in accordance with the International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or IASB, and IFRS as adopted by the European Union, or EU.

The consolidated financial statements for 2013 are our first set of consolidated financial statements that comply with IFRS. The application of IFRS effective for the financial year beginning January 1, 2013 require an IFRS transition date as of January 1, 2012. Pursuant to IFRS, the comparative figures have been restated. The

Notes to the Consolidated Financial Statements

accounting policies applied when preparing the consolidated financial statements are described in detail below. Significant accounting estimates used when exercising the accounting policies are described in Note 2. The effects of the transition to financial reporting under IFRS are described in Note 18.

Our consolidated financial statements have been prepared under the historical cost convention, apart from certain financial instruments that are measured at fair value at initial recognition.

Retrospective Effect of Bonus share issuance

All share and per share data in the consolidated financial statements give retroactive effect to a bonus issue of shares in the ratio of 3:1 of the Company's authorised, issued and outstanding ordinary and preference shares, which was effective on January 13, 2015, with the corresponding impacts on both share capital and retained earnings also retroactively recognised. Retrospective effect has also been given with respect to the share and per share data for the warrants.

Restatement of Previously Issued Consolidated Financial Statements

We filed our statutory annual report for the year ended December 31, 2013 with the Danish authorities on June 2, 2014, including consolidated financial statements for the company prepared under IFRS as adopted by the EU, authorized for issuance on June 2, 2014. Those consolidated financial statements did not appropriately reflect the company's tax charge for the fiscal year ended December 31, 2013. The tax calculation incorrectly assumed that certain tax losses carried forward within the group of jointly taxed Danish companies could be fully offset against the taxable income earned in one of the subsidiaries of Ascendis Pharma A/S. However, Danish tax law imposes limitations to the offsetting of tax losses against tax profits within each fiscal year, and accordingly, the taxable income could not be fully offset by the tax losses carried forward within the company. As a result, an additional tax provision of €0.4 million thousand has been recognized in these restated consolidated financial statements. The restatement has impacted the consolidated financial statements for the year ended December 31, 2013 as follows:

	<u>As originally reported</u>	<u>Consolidated Restatement (EUR'000)</u>	<u>Amount as adjusted</u>
Tax on profit for the year	(217)	(409)	(626)
Net profit for the year	4,488	(409)	4,079
Total comprehensive income for the year, net of tax	4,482	(409)	4,073
Profit for the year attributable to owners of the Company	4,488	(409)	4,079
Total comprehensive income for the year attributable to owners of the Company	4,482	(409)	4,073
Retained earnings	3,629	(409)	3,220
Total Equity	6,710	(409)	6,301
Income taxes payable	—	409	409
Current liabilities	19,990	409	20,399
Total liabilities	19,990	409	20,399

Recognition and Measurement

Assets are recognized in the consolidated statement of financial position when it is probable, as a result of a prior event, that future economic benefits will flow to us and the value of the asset can be measured reliably.

Liabilities are recognized in the consolidated statement of financial position when we have a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow from us and the value of the liability can be measured reliably.

Notes to the Consolidated Financial Statements

On initial recognition, assets and liabilities are measured at cost or at fair value, depending on the classification of the items. Measurement subsequent to initial recognition is affected 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 consolidated statement of financial position date are considered at the time of recognition and measurement.

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to the financial year.

Basis of Consolidation

The consolidated financial statements include our parent company, Ascendis Pharma A/S, and all entities over which the parent company has control. We control an entity when we are exposed to, or have rights to, variable returns from our involvement with the entity and have the ability to control those returns through our power over the entity. Accordingly, the consolidated financial statements include Ascendis Pharma A/S and the following group of entities:

<u>Company</u>	<u>Domicile</u>	<u>Ownership</u>
Ascendis Pharma GmbH	Germany	100%
Ascendis Pharma, Inc.	US	100%
Ascendis Pharma, Ophthalmology Division A/S	Denmark	100%
Ascendis Pharma, Growth Disorders Division A/S	Denmark	100%
Ascendis Pharma, Osteoarthritis Division A/S	Denmark	100%
Ascendis Pharma, Circulatory Diseases Division A/S	Denmark	100%

Consolidation Principles

Our subsidiaries are fully consolidated from the date upon which control is transferred to us. They are deconsolidated from the date control ceases.

When necessary, adjustments are made to the financial statements of our subsidiaries to conform their accounting policies to our accounting policies. All intra-company assets and liabilities, equity, income, expenses and cash flows relating to transactions between our group enterprises are eliminated in full upon consolidation.

Foreign Currency

On initial recognition, transactions in currencies other than an individual company's functional currency are translated applying the exchange rate in effect at the date of the transaction. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate in effect at the balance sheet date.

Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognized in profit or loss as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets purchased in foreign currencies and measured on the basis of historical cost are translated at the transaction date exchange rate.

When subsidiaries that present their financial statements in a functional currency other than EUR are recognized in the consolidated financial statements, the income statements are translated at average exchange rates on a quarterly basis, unless such rates vary significantly from the actual exchange rates at the transaction date. In the latter case, the actual exchange rates are applied. Balance sheet items are translated using the

Notes to the Consolidated Financial Statements

exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign entities' balance sheet items at the beginning of the year using the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognized in other comprehensive income. Similarly, exchange differences arising out of changes that have been made directly in a foreign subsidiary's equity are recognized in other comprehensive income.

Business Combinations

Newly acquired or newly established subsidiaries are recognized in the consolidated financial statements from the time of acquiring or establishing such enterprises. Time of acquisition is the date on which control of the enterprise is actually acquired.

When acquiring new enterprises over which we obtain control, the acquisition method is applied. Under this method, we identify assets, liabilities and contingent liabilities of these enterprises and measure them at fair value at the acquisition date. Restructuring costs are only recognized in the pre-acquisition balance sheet if they constitute a liability of the acquired enterprise. Allowance is made for the tax effect of the adjustments made.

The acquisition consideration for an enterprise consists of the fair value of the consideration paid for the acquired enterprise. If the final determination of the consideration is conditional upon one or several future events, they are recognized at fair value thereof at the time of acquisition. Costs that are attributable to the acquisition of the enterprise are recognized in profit or loss when incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired are all recorded as goodwill.

Statement of Comprehensive Income

Revenue

Our revenue currently comprises up-front payments and service fees from research, development and commercialization agreements. Our collaboration agreements comprise elements of up-front license fees, milestone payments based on development and sales and royalties based on product sales. In addition, our collaboration agreements contemplate our involvement in the ongoing research and development of our partnered product candidates, for which we are separately remunerated for the services we render.

As a general principle, revenue is recognized when it is probable that future economic benefits will flow to us and these benefits can be measured reliably. Further, revenue recognition requires that all significant risks and rewards of ownership of the goods or services included in the transaction have been transferred to the buyer, and that we retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods or services sold.

Collaboration agreements which contain multiple activities are only separated into individual units of accounting if they constitute a separate earnings process. If multiple activities or rights are not separable, they are combined into a single unit of accounting, and recognized over the period of continued involvement; i.e. the period where we are actively involved in development and deliver significant services to the collaboration partner. If multiple activities or rights are separable, each separate component is accounted for after considering the specific nature of the element and the underlying activities to which earnings process relates. For the two years ended December 31, 2013 and 2012, the collaboration agreements entered into by the company did not meet the criteria for separation, and all arrangements were accounted for as a single unit of account. Accordingly, the up-front license payments have been recognised as revenue over the period of continued involvement. In

Notes to the Consolidated Financial Statements

addition, the milestone criteria and sales-based royalty thresholds have not yet been met and such thresholds are not yet considered probable, accordingly no milestone and royalty payments have been received or are expected to be received.

If we are entitled to reimbursement from our collaborators for specified research and development expenses and/or entitled to payments for specified research and development services that we provide, we determine whether the research and development funding would result in collaborative revenues or an offset to research and development expenses. Where the payment is for specific research and development services that are to be accounted for as collaborative revenue, such revenue is recognized when such services are provided. Where such payments are not to be considered to be collaborative revenue but are considered to be reimbursements for external expenses incurred, the reimbursements are offset against research and development costs.

In addition to the revenue that we have generated from our collaborations, we also generate revenue for services performed on feasibility studies for potential partners to evaluate if our TransCon technology enables certain advantages for their product candidates of interest. Such feasibility studies are often structured as short-term agreements with fixed fees for the work that we perform.

Revenue is measured at fair value of the consideration received or receivable. Revenue is stated net of value added tax, duties, etc. collected on behalf of a third party and discounts.

Research and Development Costs

Our research and development costs consist primarily of manufacturing costs, preclinical and clinical study costs, personnel costs, the cost of premises, the cost of obtaining and maintain our intellectual property portfolio, and the depreciation of assets used in research and development activities. Personnel costs consist of salaries, benefits and share-based payments.

Government grants received to cover expenses incurred are recognized in research and development costs.

Research costs are recognized in the income statement in the period to which they relate. Development costs are recognized in the income statement when incurred if the criteria for capitalization have not been met.

A development project involves a single product candidate undergoing a series of studies to illustrate its safety profile and effect on human beings prior to obtaining the necessary approval from the appropriate authorities. Due to the risk related to the development of pharmaceutical products, we cannot estimate the future economic benefits associated with individual development projects with sufficient certainty until the development project has been finalized and the necessary market approval of the final product has been obtained. As a consequence, all development costs are recognized in the income statement in the period to which they relate.

General and Administrative Expenses

General and administrative expenses comprise salaries, share-based payment, and other staff costs including pensions, office supplies, cost of premises, and depreciation and amortization related to administrative activities.

General and administrative expenses are recognized in the income statement in the period to which they relate.

Notes to the Consolidated Financial Statements

Government Grants

Government grants are recognized when there is reasonable assurance that the conditions underlying the grants have been met and that the grant will be received. Government grants to cover expenses incurred are recognized in profit or loss proportionally over the periods during which the related expenses are recognized in profit or loss. The grants are off-set against the expenses incurred and thus reduce our research and development costs.

Share-based Incentive Programs

Share-based incentive programs under which board members, employees and external consultants have the option to purchase shares in Ascendis Pharma A/S (equity-settled share-based payment arrangements) are measured at the equity instrument's fair value at the grant date.

The cost of equity-settled transactions is determined by the fair value at the date of grant using the Black-Scholes valuation model. The cost is recognized together with a corresponding increase in equity over the period in which the performance and/or service conditions are fulfilled, the vesting period. The fair value determine at the grant date of the equity-settled share-based payment is expensed on a straight line basis over the vesting period for each tranche, based on our best estimate of the number of equity instruments that will ultimately vest. No expense is recognized for grants that do not ultimately vest.

Where an equity-settled grant is cancelled, it is treated as if it vested on the date of the cancellation, and any expense not yet recognized for the grant is recognized immediately. This includes any grant where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new grant is substituted for the cancelled grant, and designated as a replacement grant on the date that it is granted, the cancelled and new grants are treated as if they were a modification of the original grant, as described in the previous paragraph. All cancellations of equity-settled transaction grants are treated equally.

Any social security contributions payable in connection with the grant of the warrants are considered an integral part of the grant itself and the charge is treated as a cash-settled transaction, by which a liability is accrued over the vesting period based on the social security contributions arising from the potential gain on exercise of the warrants. For the purpose of estimating the accrued social security contribution, the potential gain on exercise of warrants is estimated as the difference between the exercise price of the warrant and the market price of our ordinary shares, or the intrinsic value of the warrants.

The assumptions used for estimating the fair value of share-based payment transactions are disclosed in Note 5.

Finance Income and Expenses

Finance income and expenses comprise interest income and expenses, the interest portion related to finance lease contracts and realized and unrealized exchange rate gains and losses on transactions denominated in foreign currencies.

Interest income and interest expenses are stated on an accrual basis using the principal and the effective interest rate. The effective interest rate is the discount rate that is used to discount expected future payments related to the financial asset or the financial liability in order for the present value of such asset or liability to match their carrying amount.

Notes to the Consolidated Financial Statements

Income Taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in profit or loss by the portion attributable to the profit or loss for the year and recognized directly in equity or other comprehensive income by the portion attributable to entries directly in equity and in other comprehensive income. The current tax payable or receivable is recognized in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

When computing the current tax for the year, the tax rates and tax rules enacted or substantially enacted at the balance sheet date are used.

Deferred tax is recognized according to the balance sheet liability method of all temporary differences between carrying amounts and tax-based values of assets and liabilities, apart from deferred tax on all temporary differences occurring on initial recognition of goodwill or on initial recognition of a transaction which is not a business combination, and for which the temporary difference found at the time of initial recognition neither affects net profit or loss nor taxable income.

Deferred tax liabilities are recognized on all temporary differences related to investments in our subsidiaries, unless we are able to control when the deferred tax is realized, and it is probable that the deferred tax will not become due and payable as current tax in the foreseeable future.

Deferred tax is calculated based on the planned use of each asset and the settlement of each liability, respectively.

Deferred tax is measured using the tax rates and tax rules in the relevant countries that, based on acts in force or acts in reality in force at the balance sheet date, are expected to apply when the deferred tax is expected to crystallize as current tax. Changes in deferred tax resulting from changed tax rates or tax rules are recognized in profit or loss unless the deferred tax is attributable to transactions previously recognized directly in equity or other comprehensive income. In the latter case, such changes are also recognized in equity or other comprehensive income.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets for offset against future positive taxable income. At every balance sheet date, it is assessed whether sufficient taxable income is likely to arise in the future for the deferred tax asset to be used.

Statement of Financial Position

Intangible Assets

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but is subject to impairment testing at least on a yearly basis. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or group of cash-generating units, that are expected to benefit from the synergies of the combination. Each cash-generating unit or group of cash generating units to which goodwill is allocated represent the lowest level within the Company at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the consolidated level.

Notes to the Consolidated Financial Statements

Property, Plant and Equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. 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. For assets held under finance leases, cost is the lower of the asset's fair value and net present value of future lease payments.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the assets will flow to us and the costs of the items can be measured reliably. All repair and maintenance costs are charged to the income statement during the financial periods in which they are incurred.

If the acquisition or use of the asset involves an obligation to incur costs of decommissioning or restoration of the asset, the estimated related costs are recognized as a provision and as part of the relevant asset's cost, respectively.

The basis of depreciation is cost less estimated residual value. The residual value is the estimated amount that would be earned if selling the asset today net of selling costs, assuming that the asset is of an age and a condition that is expected after the end of its useful life. The cost of a combined asset is divided into smaller components, with such components depreciated individually if their useful lives vary.

Depreciation is calculated on a straight-line basis from the following assessment of an asset's expected useful life:

Process plant and machinery	5 - 10 years
Other fixtures and fittings, tools and equipment	3 - 5 years
Leasehold improvements	3 - 5 years

Depreciation methods, useful lives and residual amounts are reassessed at least annually.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount, as described in the "Impairment" section below.

Depreciation, impairment losses and gains and losses on disposal of property, plant and equipment are recognized in the statements of profit/(loss) as research and development costs or as general and administrative expenses, as appropriate.

Impairment

Property, plant and equipment and finite-lived intangible assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of goodwill is estimated annually irrespective of any recorded indications of impairment.

An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows, or cash-generating units, which for goodwill represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. Prior impairments of non-financial assets, other than goodwill, are reviewed for possible reversal at each reporting date.

Notes to the Consolidated Financial Statements

Receivables

Receivables comprise trade receivables and other receivables. Receivables are classified as loans and receivables constituting financial assets with fixed or determinable payments that are not listed on an active market and are not derivative financial instruments.

On initial recognition, receivables are measured at fair value and, subsequently, at amortized cost, usually equaling nominal value less a provision for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable and recognized using an allowance account.

Prepayments

Prepayments comprise costs relating to a future financial period. Prepayments are measured at cost.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash and demand deposits with financial institutions. Cash and cash equivalents are measured at fair value.

Shareholders' Equity

The share capital comprises the nominal amount of the parent company's ordinary shares, each at a nominal value of DKK 1, or approximately €0.13. All shares are fully paid.

Translation reserves include exchange rate adjustments of equity investments in our group enterprises.

Reserve for share-based payment represents the corresponding entries to the share-based payment recognized in the profit or loss, arising from our warrant programs.

Provisions

Provisions are recognized when we have an existing legal or constructive obligation as a result of events occurring prior to or on the balance sheet date, and it is probable that the utilization of economic resources will be required to settle the obligation. Provisions are measured as the best estimate of the expense necessary to settle the obligation at the balance sheet date. Provisions that are estimated to mature after more than one year after the balance sheet date are measured at their present values.

Leases

Leases of property, plant and equipment, where we have substantially all of the risks and rewards of ownership, are classified as finance leases. Other leases are classified as operating leases.

Assets held under finance leases are recognized in the balance sheet at the inception of the lease term at the lower of the fair value of the asset or the net present value of the future minimum lease payments. A liability equaling the asset is recognized in the balance sheet, allocated between non-current and current liabilities. Each lease payment is separated between an interest element, recognized as a financial expense, and a reduction of the lease liability.

Assets held under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Lease payments on operating leases are recognized on a straight-line basis in profit or loss over the term of the lease.

Notes to the Consolidated Financial Statements

Total commitment under operating leases is disclosed in the notes to the consolidated financial statements.

Other Financial Liabilities

Other financial liabilities comprise trade payables, payables to public authorities and accrued expenses.

On initial recognition, other financial liabilities are measured at fair value less any transaction costs. Subsequently, these liabilities are measured at amortized cost applying the effective interest method to the effect that the difference between proceeds and nominal amount is recognized in the income statement as a financial expense over the term of the loan.

Deferred Income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income typically arises from up-front payments under our collaboration agreements related to license grants or up-front funding of development activities. If we are participating in continued development of product candidates, up-front payments are recognized as deferred income and recognized as revenue over the anticipated period in which we are involved in the development activities. Deferred income is measured at the fair value of the income received.

Cash Flow Statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit or loss adjusted for non-cash operating items, working capital changes as well as financial income, financial expenses and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions, development, improvement and sale, etc. of intangible assets, property, plant and equipment, and group enterprises.

Cash flows from financing activities comprise changes in the share capital of Ascendis Pharma A/S and related costs as well as the raising and repayment of loans and installments on interest-bearing debt. Cash flows from financing activities also include lease payments made on assets held under finance leases.

Cash flows in currencies other than the functional currency are recognized in the cash flow statement, using the average exchange rates for the individual quarters, unless they vary significantly from the actual exchange rate at the transaction dates. In the latter case, the actual exchange rates at the individual dates are used.

Cash and cash equivalents comprise cash at hand and deposits with financial institutions.

Segment Reporting

We are managed and operated as one operating and reportable segment. No separate operating segments or reportable segments have been identified in relation to product candidates or geographical markets. Accordingly, we do not disclose segment information on business segments or geographical markets.

Basic EPS

Basic Earnings per Share, or EPS, is calculated as the net income or loss from continuing operations for the period divided by the weighted average number of ordinary shares outstanding.

Notes to the Consolidated Financial Statements

Diluted EPS

Diluted earnings per share is calculated as the net income or loss from continuing operations for the period divided by the weighted average number of ordinary shares outstanding adjusted for the dilutive effect of share equivalents. If the income statement shows a net loss, no adjustment is made for the dilutive effect, as such effect would be anti-dilutive.

New International Financial Reporting Standards and Interpretations Not Yet Effective

The IASB has issued and the EU has adopted a number of new or amended standards and interpretations, which have not yet become effective. Therefore, these new standards and interpretations have not been incorporated in these consolidated financial statements. Our financial reporting is expected to be affected by such new or improved standards to the extent described below.

- IAS 32, “Offsetting Financial Assets and Financial Liabilities”—Amendments to IAS 32 clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments are not expected to significantly impact our financial position or performance. These amendments become effective for annual periods beginning on or after January 1, 2014.
- IFRS 9, “Financial Instruments: Classification and Measurement” reflects the first phase of the IASB’s work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. We are assessing the impact of this standard and will quantify the effect once the final standard is issued.
- IFRS 15 “Revenue from Contracts with Customers” establishes the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. The objective of this project was to clarify the principles for recognizing revenue from contracts with customers. IFRS 15 requires that an entity recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is effective for an entity’s first annual IFRS financial statements for a period beginning on or after January 1, 2017. We are currently in the process of assessing the impact of this standard.

Note 2—Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of our accounting policies, we are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Notes to the Consolidated Financial Statements

Critical Judgments in Applying Accounting Policies

The following are the critical judgments, apart from those involving estimates, see below, made in the process of applying our accounting policies and that have the most significant effect on the amounts recognized in our consolidated financial statements.

Revenue Recognition

IAS 18, "Revenues" prescribes the criteria to be fulfilled for revenue being recognizable. Evaluating the criteria for revenue recognition with respect to our research and development and commercialization agreements requires judgment to ensure that all criteria have been fulfilled prior to recognizing any amount of revenue. We generate revenue from collaboration agreements which typically involve multiple elements, including licenses to our technology, transfer of patents, participation in joint development projects with our collaboration partners, and other services in various areas related to the development of new products. As part of evaluating the criteria for revenue recognition, we consider the separability of the individual deliverables in the collaboration agreements and potential allocation of the total consideration received to the individual elements of the agreement. Further, if any up-front elements are considered inseparable from a following development period, the appropriate allocation of an up-front payment over time needs to be determined.

We evaluate all of our revenue generating transactions to ensure recognition in accordance with IFRS.

In 2013, we signed an exclusive license agreement with Genentech within the field of ophthalmology. The agreement included an up-front payment and funding of research and development activities and entitles us to receive future development milestone payments and royalties on sales of licensed products. As the license granted to Genentech was interrelated to the agreed research and development activities, the deliverables were inseparable under IAS 18 and, accordingly, the up-front payment was recognized as deferred income to be recognized as revenue over the agreed research and development period. Accordingly, as of December 31, 2013, we recognized €12.9 million as deferred income with respect to this agreement. In total, we had €17.5 million in deferred income as of December 31, 2013 compared to €21.1 million as of December 31, 2012.

Share-Based Payment

IFRS 2, "Share-Based Payment" requires an entity to reflect in its profit or loss and financial position the effects of share-based payment transactions, including expenses associated with transactions in which share options are granted to employees. We have granted warrants to employees, consultants and board members under two different programs as described in Note 5, which need to be accounted for under IFRS 2.

We use the Black-Scholes option-pricing model to value the warrants granted and critical judgments need to be exercised in determining the appropriate input to the valuation model as well as to determine the appropriate way of recognizing the expenses under IFRS 2.

Warrants granted under our warrant programs vest on a monthly basis over periods of up to 48 months. Due to the graded vesting, the related expenses are recognized on an accelerated basis; i.e. each tranche of a warrant grant is treated separately for expense recognition purposes. Accordingly, each warrant grant is treated in up to 48 tranches, which are each recognized over the expected useful life of that particular tranche. In total €671 thousand was recognized as share-based payment in the consolidated financial statements for 2013 compared to €124 thousand for 2012.

See Note 5 for additional details on our warrant programs and recognition of expenses under IFRS 2.

Notes to the Consolidated Financial Statements

Internally Generated Intangible Assets

IAS 38, “Intangible Assets” prescribes that intangible assets arising from development projects must be recognized in the balance sheet if the criteria for capitalization are met. That means (1) that the development project is clearly defined and identifiable; (2) that technological feasibility, adequate resources to complete and a market for the product or an internal use of the project can be documented; (3) that the expenditure attributable to the development project can be measured reliably; and (4) that we have the intent to produce and market the product or use it internally.

Such an intangible asset shall be recognized if it can be documented that the future income from the development project will exceed the aggregate cost of development, production, sale and administration of the product.

Due to the risk associated with drug development, future income from development projects cannot be determined with sufficient certainty until the development activities have been completed and the necessary marketing approvals have been obtained. Accordingly, we do not recognize internally generated intangible assets at this time.

Joint Arrangements / Collaboration Agreements

Collaboration agreements within our industry are often structured so that each party contributes its respective skills in the various phases of a development project. No joint control exists for such collaborations and the parties do not have any financial obligations on behalf of each other. Accordingly, our collaborations are not considered to be joint arrangements as defined in IFRS 11, “Joint Arrangements”.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires that we estimate future cash flows expected to arise from cash-generating units and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at December 31, 2013 and December 31, 2012 was €3.5 million. We have performed an impairment test of goodwill as of December 31, 2013 and 2012, and our date of transition of January 1, 2012. No impairment losses have been recognized.

Useful Lives of Property, Plant and Equipment and Finite-Lived Intangible Assets

We review the estimated useful lives of property, plant and equipment and finite-lived intangible assets at the end of each reporting period. We have concluded that the useful lives applied for 2013 and 2012 are appropriate.

Except for the above areas, assumptions and estimates are not considered to be critical to the consolidated financial statements. No estimates or judgments have been made involving a material risk of significant adjustments of the assets or liabilities at the balance sheet date.

Notes to the Consolidated Financial Statements**Note 3—Revenue**

	Consolidated	
	2013	2012
	(EUR'000)	
Revenue from the rendering of services	4,161	5,191
License income	16,247	10,392
Total revenue	20,408	15,583
Revenue from external customers (geographical)		
USA	10,965	4,708
Germany	9,443	10,875
Total revenue	20,408	15,583

Note 4—Segment Information

We are managed and operated as one business unit. No separate business areas or separate business units have been identified in relation to product candidates or geographical markets. Accordingly, we do not disclose information on business segments or geographical markets, except for the geographical information on revenue included in Note 3 and the information regarding major customers included below.

In the consolidated financial statements for 2013, three single customers each account for more than 10% of total revenue. The revenue from each customer amounts to €9.4 million (46%); €7.4 million (36%); and €3.6 million (18%), respectively.

In the consolidated financial statements for 2012, two single customers each account for more than 10% of total revenue. The revenue from each customer amounts to €10.5 million (67%); and €3.6 million (23%), respectively.

Note 5—Staff Cost

	Consolidated	
	2013	2012
	(EUR'000)	
Wages and salaries	4,773	3,739
Share-based payment	671	124
Pension costs	35	28
Social security costs	427	350
Total salary expenses	5,906	4,241
Compensation to Key Management Personnel		
Wages and salaries	497	496
Share-based payment	251	108
Social security costs	37	24
Total compensation to Key Management Personnel	785	628
Average number of employees	45	38

Share-based payment

Ascendis Pharma A/S has established warrant programs, equity-settled share-based payment transactions, as an incentive for all of our employees, members of our board of directors and select external consultants.

Notes to the Consolidated Financial Statements

Warrants are granted by the Board of Directors in accordance with authorizations given to it by the shareholders of Ascendis Pharma A/S. As of December 31, 2013, our board of directors has been authorized to grant up to 2,454,984 warrants to our employees, board members and select consultants without preemptive subscription rights for the shareholders of Ascendis Pharma A/S. As of December 31, 2013, 2,124,300 warrants had been granted. Each warrant carries the right to subscribe for one ordinary A share of a nominal value of DKK 1. The exercise price is fixed at the fair market value of our ordinary shares at the time of grant as determined by our board of directors. The exercise prices under our warrant programs are €2.65 and €8.00 depending on the grant dates. The periods in which the outstanding warrants can be exercised include January 1 to January 21 and August 1 to August 21 in each year until 2015 for the first program and until 2023 for the second program. Apart from exercise prices and exercise periods, the programs are similar.

Vesting Conditions

Warrants issued during the period from 2008 to 2012 generally vest over 36 months with 1/36 of the warrants vesting per month from the date of grant. However, some warrants are subject to shorter vesting periods, to a minimum of 24 months.

Effective from December 2012, warrants granted generally vest over 48 months with 1/48 of the warrants vesting per month from the date of grant.

Warrants generally cease to vest from the date of termination in the event that (i) the warrant holder terminates the employment contract and the termination is not a result of breach of the employment terms by us, or (ii) in the event that we terminate the employment contract and the warrant holder has given us good reason to do so. The warrant holder will, however, be entitled to exercise vested warrants in the first exercise period after termination.

Warrants issued to consultants, advisors and board members only vest so long as the consultant, advisor or board member continues to provide services to us.

Exercise Periods

Vested warrants may be exercised during two exercise periods of three weeks, each commencing on January 1 and August 1, respectively. The last exercise period for warrants granted during the period from 2008 to 2012 expires in August 2015, and the last exercise period for warrants granted in December 2012 or later expires in August 2023. Warrants not exercised by the warrant holder during the last exercise period shall become null and void without further notice or compensation or payment of any kind to the warrant holder.

If the warrant holder is a consultant, advisor or board member, the exercise of warrants is conditional upon the warrant holder's continued service to us at the time the warrants are exercised. If the consultant's, advisor's or board member's relationship with us should cease without this being attributable to the warrant holder's actions or omissions, the warrant holder shall be entitled to exercise vested warrants in the pre-defined exercise periods.

Adjustments

Warrant holders are entitled to an adjustment of the number of warrants issued and/or the exercise price applicable in the event of certain changes to the share capital of Ascendis Pharma A/S at a price other than the market price and in the event of payments of dividends in a given year in excess of 10% of the equity of Ascendis Pharma A/S.

Notes to the Consolidated Financial Statements

Warrant Activity

The following table specifies the warrant activity during the year:

	Total Warrants	Weighted Average Exercise Price EUR
Outstanding at January 1, 2012	1,183,808	2.91
Granted during the year	756,604	8.00
Exercised during the year	—	—
Forfeited during the year	—	—
Expired during the year	—	—
Outstanding at December 31, 2012	1,940,412	4.89
Granted during the year	183,888	8.00
Exercised during the year	—	—
Forfeited during the year	—	—
Expired during the year	—	—
Outstanding at December 31, 2013	2,124,300	5.16
Vested at the balance sheet date	1,390,968	2.84

As of December 31, 2013, a total of 2,124,300 warrants were outstanding with a weighted average exercise price of €5.16. 1,390,968 of these warrants had vested as of December 31, 2013. For comparison, as of December 31, 2012, a total of 1,940,412 warrants were outstanding with a weighted average exercise price of €4.89. 1,157,224 of these warrants had vested as of December 31, 2012.

Warrant Compensation Costs

Warrant compensation costs are determined with basis in the grant date fair value of the warrants granted and recognized over the vesting period. Fair value of the warrants is calculated at the grant dates by use of the Black-Scholes Option Pricing model with the following assumptions: (1) an exercise price equal to or above the estimated market price of our shares at the date of grant; (2) an expected lifetime of the warrants determined as a weighted average of the time from grant date to date of becoming exercisable and from grant date to expiry of the warrants; (3) a risk free interest rate equaling the effective interest rate on a Danish government bond with the same lifetime as the warrants; (4) no payment of dividends; and (5) a volatility for comparable companies for a historic period equaling the expected lifetime of the warrants. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the warrants is indicative of future trends. The expected volatility has been calculated using a simple average of daily historical data of comparable publicly traded companies.

The following table summarizes the input to the Black-Scholes Option Pricing model for warrant grants in 2013 and 2012:

	2013	2012
Expected volatility	63 — 68%	67 — 70%
Risk-free interest rate	0.78 — 1.51%	0.08 — 0.60%
Expected life of warrants (years)	4.92 — 7.43	2.87 — 7.43
Weighted average calculated share price	EUR 3.31 — 7.45	EUR 3.31
Fair value of warrants granted in the year	EUR 1.29 — 4.68	EUR 0.66 — 1.60

Notes to the Consolidated Financial Statements

Warrant compensation cost is recognized in the profit/loss statement over the vesting period of the warrants granted.

	Consolidated	
	2013	2012
	(EUR'000)	
Research and development costs	545	124
General and administrative expenses	126	0
Total warrant compensation costs	<u>671</u>	<u>124</u>

Value of Outstanding Warrants

For the year ended December 31, 2013, the aggregate value of outstanding warrants has been calculated at €9.8 million using the Black-Scholes Option Pricing model. The following table specifies the weighted average exercise price and the weighted average life of outstanding warrants:

	Year of Grant	Number of Warrants	Weighted Average Exercise Price EUR	Weighted Average Life (months)
Granted in September	2008	623,880	2.65	20-21
Granted in March and December	2009	501,928	2.65	20-21
Granted in December	2011	58,000	8.00	20-21
Granted in October and December	2012	756,604	8.00	20-117
Granted in March, June, September and December	2013	183,888	8.00	115-117
Outstanding at December 31, 2013		<u>2,124,300</u>	<u>5.16</u>	<u>50-60</u>
Vested at the balance sheet date		<u>1,390,968</u>	<u>2.84</u>	

For comparison, as at December 31, 2012, a total of 485,103 warrants were outstanding with a weighted average exercise price of €19.57 and weighted average life of 50 to 60 months:

	Year of Grant	Number of Warrants	Weighted Average Exercise Price EUR	Weighted Average Life (months)
Granted in September	2008	623,880	2.65	20-21
Granted in March and December	2009	501,928	2.65	20-21
Granted in December	2011	58,000	8.00	20-21
Granted in October and December	2012	756,604	8.00	20-117
Outstanding at December 31, 2012		<u>1,940,412</u>	<u>4.89</u>	<u>50-60</u>
Vested at the balance sheet date		<u>1,157,236</u>	<u>2.65</u>	

Notes to the Consolidated Financial Statements

Note 6—Finance Income and Finance Expenses

	Consolidated	
	2013	2012
	(EUR'000)	
Exchange rate gains	158	4
Total finance income	158	4
Interest expense	(8)	(20)
Exchange rate losses	(724)	(212)
Total finance expenses	(732)	(232)

Note 7—Tax on Profit/Loss for the Year and Deferred Tax

	Consolidated	
	2013	2012
	(EUR'000)	
Tax on profit for the year:		
Current tax	626	35
Change of deferred tax	—	—
	626	35
Tax for the year can be explained as follows:		
Profit before tax	4,705	1,285
Tax at the Danish corporation tax rate of 25%	1,176	321
Tax effect of:		
Non-deductible costs	173	43
Other effects	97	10
Change in unrecognized deferred tax assets	(820)	(339)
Tax on profit for the year	626	35
Unrecognized deferred tax asset:		
Tax deductible losses	(2,345)	(3,227)
Deferred income	(4,367)	(4,271)
Other temporary differences	(120)	(155)
Unrecognized deferred tax asset	(6,832)	(7,653)

The deferred tax assets have not been recognized in the statement of financial position due to uncertainty relating to the future utilization. The deferred tax asset can be carried forward without timing limitations. Limitations on amounts to be used each year exist.

Notes to the Consolidated Financial Statements

Note 8—Intangible Assets

	Acquired Intellectual Property Rights	<u>Consolidated</u> Goodwill (EUR'000)	<u>Total</u>
Cost:			
At January 1, 2012	—	3,495	3,495
Disposals	—	—	—
December 31, 2012	—	3,495	3,495
Additions	—	—	—
December 31, 2013	—	3,495	3,495
Accumulated amortization:			
At January 1, 2012	—	—	—
Amortization charge	—	—	—
Disposals	—	—	—
December 31, 2012	—	—	—
Amortization charge	—	—	—
At December 31, 2013	—	—	—
Carrying amount:			
At December 31, 2013	—	3,495	3,495
At December 31, 2012	—	3,495	3,495
At January 1, 2012	—	3,495	3,495

Goodwill relates to the acquisition of Complex Biosystems GmbH (now Ascendis Pharma GmbH) in 2007. Goodwill was calculated as the excess amount of the purchase price to the fair value of identifiable assets acquired, and liabilities assumed at the acquisition date. Business combinations recognized before January 1, 2012 have not been adjusted to IFRS 3, “Business Combinations”. Ascendis Pharma GmbH was initially a separate technology platform company, but is now an integral part of our research and development activities, including significant participation in the development services provided to our external collaboration partners. Accordingly, it is not possible to look separately at Ascendis Pharma GmbH when considering the recoverable amount of the goodwill. Goodwill is considered on a consolidated level as we are considered to represent one cash-generating unit. The recoverable amount of the cash-generating unit is determined based on an estimation of the company’s fair value less costs of disposal. We have determined the fair value of goodwill after taking into account the results of a third party valuation of our group enterprises as of the balance sheet dates. The computation of our enterprise value exceeded the carrying amount of our equity, leaving sufficient value to cover the carrying amount of goodwill. The valuation methodology applied was based on a combination of a market approach, an option pricing method and a probability-weighted expected return method.

The market approach was based on market multiples of nine comparable publicly traded companies in the same industry or similar lines of business. The multiples and values were applied to our corresponding financial metrics, as well as used for input to the option pricing method.

Under the probability-weighted expected return method, the value of the various equity securities were estimated based upon an analysis of our future value, assuming various future outcomes. Share value is based upon the probability-weighted present value of expected future investment returns, considering each of our possible future outcomes, as well as the rights of each share class.

Notes to the Consolidated Financial Statements

Goodwill is tested for impairment on a yearly basis at December 31, or more frequently, if indications of impairment are identified.

Note 9—Property, Plant and Equipment

	<u>Plant and Machinery</u>	<u>Consolidated Other Equipment (EUR'000)</u>	<u>Leasehold Improve- ments</u>
Cost:			
At January 1, 2012	1,876	466	248
Additions	190	83	18
December 31, 2012	2,066	549	266
Additions	830	214	151
Disposals	—	(26)	—
At December 31, 2013	2,896	737	417
Accumulated depreciation:			
At January 1, 2012	(971)	(256)	(46)
Depreciation charge	(318)	(80)	(27)
December 31, 2012	(1,289)	(336)	(73)
Depreciation charge	(277)	(94)	(34)
Disposals	—	26	—
At December 31, 2013	(1,566)	(404)	(107)
Carrying amount:			
At December 31, 2013	1,330	333	310
At December 31, 2012	777	214	193
At January 1, 2012	905	210	202
Carrying Amount of assets held under Finance Leases:			
At December 31, 2013	—	—	—
At December 31, 2012	46	—	—
At January 1, 2012	194	—	—

	<u>Consolidated 2013</u>	<u>2012</u>
	(EUR'000)	
Depreciation charges are recognized as:		
Research and development costs	(401)	(415)
General and administrative expenses	(4)	(10)
Total depreciation charges	(405)	(425)

Notes to the Consolidated Financial Statements

Note 10—Investments in Group Enterprises

Investments in Group enterprises comprise:

Company	Domicile	Ownership
Ascendis Pharma GmbH	Germany	100%
Ascendis Pharma, Inc.	US	100%
Ascendis Pharma, Ophthalmology Division A/S	Denmark	100%
Ascendis Pharma, Growth Disorders Division A/S	Denmark	100%
Ascendis Pharma, Osteoarthritis Division A/S	Denmark	100%
Ascendis Pharma, Relaxin Division A/S	Denmark	100%

Note 11—Share Capital

The share capital of Ascendis Pharma A/S consists of 10,801,948 shares at a nominal value of DKK 1, split into the following share classes:

	Number of Shares	Nominal value per share DKK	Nominal value per share DKK
Ordinary A shares	1,293,700	1	1,293,700
Preference B shares	1,099,932	1	1,099,932
Preference C shares	8,408,316	1	8,408,316
Total	10,801,948		10,801,948

In case of a sale, liquidation, bankruptcy or other dissolution of Ascendis Pharma A/S or, in the event of distribution of dividends or any other distribution from Ascendis Pharma A/S to its shareholders, the proceeds shall be distributed in the following order, until the proceeds are exhausted:

First, the holders of preference C shares will be entitled to receive an amount per preference C share corresponding to the subscription price paid per preference C share as adjusted for dividend payments, share splits, recapitalizations and similar events.

Second, the holders of preference B shares will be entitled to receive an amount per preference B share corresponding to the subscription price paid per preference B share as adjusted for dividend payments, share splits, recapitalizations and similar events.

Third, the holders of the ordinary A shares will be entitled to receive an aggregate amount of €400 thousand to be divided between the holders of ordinary A shares on a pro rata basis.

The balance, if any, will be distributed among all shareholders on a pro rata basis.

Any merger or acquisition resulting in a change of control of Ascendis Pharma A/S, or sale of all or substantially all of its assets, or reorganization or other transaction in which there is a change of control of Ascendis Pharma A/S shall be treated as a liquidation for purposes of the liquidation preferences.

The number of shares of the Company are as follows:

	2013	2012	2011	2010	2009
Changes in share capital					
Beginning of year	10,801,948	10,801,948	10,105,560	9,090,907	9,090,907
Increase through conversion of debt	—	—	696,388	1,014,652	—
End of year	10,801,948	10,801,948	10,801,948	10,105,560	9,090,907

Notes to the Consolidated Financial Statements

Note 12—Other Reserves

Foreign Currency Translation Reserve

Exchange differences relating to the translation of the results and net assets of our foreign operations from their functional currencies to our presentation currency are recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. At conversion to IFRS, the cumulative translation differences for all foreign operations were deemed to be zero at the date of transition to IFRS, January 1, 2012. Subsequent to the date of transition to IFRS, exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation, excluding translation differences that arose before the date of transition to IFRS.

Share-Based Payment Reserve

Warrants granted under our employee warrant program carry no rights to dividends and no voting rights. The share-based payment reserve represents the fair value of warrants recognized from grant date. Further details of the employee warrant program are provided in Note 5.

	Foreign currency translation reserve	Consolidated Share- based payment reserve (EUR'000)	Total
At January 1, 2012	—	1,980	1,980
Other comprehensive income for the year, net of tax	(51)	—	(51)
Share-based payment	—	124	124
December 31, 2012	(51)	2,105	2,054
Other comprehensive income for the year, net of tax	(6)	—	(6)
Share-based payment	—	671	671
At December 31, 2013	(57)	2,776	2,719

Note 13—Deferred Income

We enter into collaboration agreements which are considered to include multiple elements for revenue recognition purposes. Typically, the collaboration agreements include patent transfers, licenses to our technology platform, development activities and other services related to the development of new products. The elements included in the collaboration agreements typically are inseparable and the payments received from the collaboration partners do not necessarily match the individual deliverables with respect to timing and amount. Accounting for such revenue generating transactions under IAS 18 requires that any consideration received before satisfaction of all criteria for revenue recognition be recognized as deferred income in the balance sheet and recognized as revenue in the income statement as the criteria for revenue recognition are satisfied.

Deferred income can be specified as follows:

	Consolidated 2013	2012
	(EUR'000)	
Up-front payments for collaboration agreements	17,470	21,084
Total deferred income	17,470	21,084

Notes to the Consolidated Financial Statements

Note 14—Commitments and Contingencies

Operating Leases

We operate from leased premises in Denmark, Germany and the US. In addition, we have entered into operating leases for equipment. The total lease commitment under operating leases was:

	Consolidated	
	2013	2012
	(EUR'000)	
Within 1 year	577	436
Within 1 to 5 years	138	361
After 5 years	—	—
Total commitments held under operating leases	<u>715</u>	<u>797</u>

Finance Leases

In 2013, we paid the last installment on a lease agreement for laboratory equipment. The net book value of the equipment was €0 as of December 31, 2013 and €46 thousand as of December 31, 2012.

We paid €220 thousand in installments for the year ended December 31, 2013, and €213 thousand for the year ended December 31, 2012.

Guarantees

In 2012, we had provided a bank guarantee of €27 thousand with respect to a landlord. During 2013, the bank guarantee was terminated in connection with a renegotiation of the lease agreement.

Note 15—Financial Risk Management and Financial Instruments

Capital Management

We manage our capital to ensure that all group entities will be able to continue as going concerns while maximizing the return to shareholders through the optimization of our debt and equity balance. Our overall strategy in this regard has remained unchanged since 2012.

Our capital structure consists only of equity comprising issued capital, reserves and retained earnings. We do not hold any debt.

We are not subject to any externally imposed capital requirements. We review our capital structure on an ongoing basis. As we do not have external debt, such review currently comprises a review of the adequacy of our capital compared to the resources required for carrying out our activities.

Financial Risk Management Objectives

We regularly monitor the access to domestic and international financial markets, manage the financial risks relating to our operations, and analyze exposures to risk, including market risk, such as currency risk and interest rate risk, credit risk and liquidity risk.

We seek to minimize the effects of these risks by managing transactions and holding positions in the various currencies used in our operations. We do not enter into or trade financial instruments for speculative purposes.

Notes to the Consolidated Financial Statements

Market Risk

Our activities primarily expose our group enterprises to the financial risks of changes in foreign currency exchange rates and interest rates. We do not enter into derivative financial instruments to manage our exposure to such risks.

Foreign Currency Risk Management

We undertake transactions denominated in foreign currencies and, consequently, have exposures to exchange rate fluctuations arise. Exchange rate exposures are managed through maintaining positions in the various currencies used in our operations and managing payments from the most appropriate positions.

The carrying amounts of our foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows (EUR equivalents):

	Consolidated	
	2013	2012
	(EUR'000)	
Danish Kroner (DKK)	2,518	(653)
US Dollars (USD)	15,851	12,084
Euro (EUR)	375	6,713
Other	(34)	(183)
	<u>18,710</u>	<u>17,961</u>

Foreign Currency Sensitivity Analysis

We are primarily exposed to US Dollars, or USD, and Danish Kroner, or DKK. As there is an official target zone of 4.5% between DKK and EUR within which DKK can fluctuate, no significant fluctuations can occur within a short timeframe between those two currencies.

The following table details our sensitivity to a 10% increase and decrease in the EUR against the USD. 10% represents our assessment of the reasonably possible change in foreign currency rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 10% change in foreign currency rate. The sensitivity analysis includes external payables and receivables as well as balances held in foreign currencies. A positive number indicates an increase in profit or equity where the USD strengthens 10% against the relevant currency. For a 10% weakening of EUR against

USD, there would be a comparable impact on the profit or equity, and the balances shown below would be negative.

	Consolidated	
	2013	2012
	(EUR'000)	
Profit or loss	1,585	1,208
Equity	<u>1,585</u>	<u>1,208</u>

We believe the sensitivity analysis is representative of the inherent foreign exchange risk associated with our operations.

Interest Rate Risk Management

We are not directly exposed to interest rate risk because our capital structure contains no interest bearing debt. Accordingly, no interest sensitivity analysis has been presented.

Notes to the Consolidated Financial Statements

Credit Risk Management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. We consider all of our material counterparties to be creditworthy. Our exposure to credit risk is continuously monitored, in particular, if agreed payments are delayed.

While the concentration of credit risk is significant, we consider the credit risk for each of our individual customers to be low. Accordingly, we have made no provision for doubtful accounts.

The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. To spread our credit risk, we deposit our cash reserves with several banks.

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with our board of directors. We manage liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Note 16—Related Party Transactions

Our major shareholders, the Board of Directors, the Executive Management, and other key employees are considered to be related parties as they can exercise a significant influence on our operations. Related parties also include undertakings in which such persons have significant interests. Additionally, all our group enterprises are considered related parties.

Apart from equity transactions and remuneration to the Company's Board of Directors and management as specified in Note 5, the following transactions took place between the Group and its related parties during the financial year:

	Consolidated	
	2013	2012
	(EUR'000)	
Board of Directors:		
Purchase of services	(19)	(71)
Total transactions with related parties	(19)	(71)

Except for the information disclosed above, we have not undertaken any significant transactions with members of the Board of Directors, the Executive Management or the major shareholders, or undertakings in which the identified related parties have significant interests.

Note 17—Ownership

The following shareholders are registered as holding more than 5% of the voting share capital or of the nominal value of the share capital:

- Sofinnova Capital V FCPR, France
- Gilde Healthcare II Sub-Holding B.V., The Netherlands
- Zweite TechnoStart Ventures Verwaltungs GmbH & Co. KG i.L., Germany
- Jan Møller Mikkelsen, USA

Notes to the Consolidated Financial Statements

Note 18—First-time Adoption of IFRS

Effective from the financial year 2013, we present the consolidated financial statements in EUR, which is the functional currency of Ascendis Pharma A/S. Comparative figures have been translated accordingly.

Effective from the financial year 2013, we prepared and presented the consolidated financial statements in accordance with IFRS as issued by the IASB and IFRS as adopted by the EU. The effects of the transition to financial reporting under IFRS are described below.

Exemptions Used in the Transition from Previous GAAP to IFRS

IFRS 1, “First-Time Adoption of International Financial Reporting Standards” allows first-time adopters certain exemptions from the retrospective application of certain standards. We have applied the following exemptions:

IFRS 3, “Business Combinations” has not been applied to business combinations that occurred before January 1, 2012. After the date of acquisition, the measurement of the net assets acquired is based on IFRS. We did not recognize or exclude any previously recognized amounts as a result of IFRS recognition requirements. As such, Danish GAAP balances relating to business combinations entered into before January 1, 2012, including goodwill, have been carried forward without adjustments.

IAS 21, “The Effects of Changes in Foreign Exchange Rates” has not been applied to foreign operations that were formed or acquired prior to the transition to IFRS. The cumulative translation adjustment account has been reset to zero at the date of transition with a corresponding entry to retained earnings.

Changes in Functional Currency

Historically, the consolidated financial statements have been prepared under Danish GAAP with DKK being the reporting currency. In connection with the conversion to IFRS, we determined that the functional currency of Ascendis Pharma A/S was EUR and it was decided to change the presentation currency of the consolidated financial statements from DKK to EUR.

Notes to the Consolidated Financial Statements

Opening IFRS Statement of Financial Position at January 1, 2012 (date of transition to IFRS)

	Notes	Local GAAP	Consolidated Remeasurement (EUR'000)	IFRS as of Jan 1, 2012
Assets				
Non-current assets				
Intangible assets		3,495	—	3,495
Property, plant and equipment		1,318	—	1,318
Deposits		31	—	31
		<u>4,844</u>	<u>—</u>	<u>4,844</u>
Current assets				
Trade receivables		1,242	—	1,242
Other receivables		778	—	778
Prepayments		271	—	271
Cash and cash equivalents		15,683	—	15,683
		<u>17,974</u>	<u>—</u>	<u>17,974</u>
Total assets		<u>22,818</u>	<u>—</u>	<u>22,818</u>
Equity and liabilities				
Equity				
Share capital	E	362	1,086	1,448
Other reserves	A	—	1,980	1,980
Retained earnings/(accumulated deficit)	A,B,E	16,537	(19,733)	(3,196)
Total equity		<u>16,899</u>	<u>(16,667)</u>	<u>233</u>
Non-current liabilities				
Finance lease liabilities		213	—	213
		<u>213</u>	<u>—</u>	<u>213</u>
Current liabilities				
Finance lease liabilities		187	—	187
Trade payables and other payables		2,518	—	2,518
Deferred income	B	3,000	16,667	19,667
		<u>5,705</u>	<u>16,667</u>	<u>22,372</u>
Total liabilities		<u>5,918</u>	<u>16,667</u>	<u>22,585</u>
Total equity and liabilities		<u>22,818</u>	<u>—</u>	<u>22,818</u>

Notes to the Consolidated Financial Statements

Reconciliation of Financial Position and Equity as at December 31, 2012
(End of Most Recent Annual Financial Statements)

	<u>Notes</u>	<u>Local GAAP</u>	<u>Consolidated Remeasurement (EUR'000)</u>	<u>IFRS as of December 31, 2012</u>
Assets				
Non-current assets				
Intangible assets	C	2,904	591	3,495
Property, plant and equipment		1,184	—	1,184
Deposits		30	—	30
		<u>4,118</u>	<u>591</u>	<u>4,709</u>
Current assets				
Trade receivables		5,718	—	5,718
Other receivables		353	—	353
Prepayments		90	—	90
Cash and cash equivalents		14,535	—	14,535
		<u>20,696</u>	<u>—</u>	<u>20,696</u>
Total assets		<u>24,814</u>	<u>591</u>	<u>25,405</u>
Equity and liabilities				
Equity				
Share capital	E	362	1,086	1,448
Other reserves	A	(1)	2,055	2,054
Retained earnings/(accumulated deficit)	A,B,C,D,E	17,688	(19,634)	(1,946)
Total equity		<u>18,049</u>	<u>(16,493)</u>	<u>1,556</u>
Current liabilities				
Finance lease liabilities		212	—	212
Trade payables and other payables		2,532	—	2,532
Deferred income	B	4,000	17,084	21,084
Income taxes		21	—	21
		<u>6,765</u>	<u>17,084</u>	<u>23,849</u>
Total liabilities		<u>6,765</u>	<u>17,084</u>	<u>23,849</u>
Total equity and liabilities		<u>24,814</u>	<u>591</u>	<u>25,405</u>

Notes to the Consolidated Financial Statements

Reconciliation of Total Comprehensive Income for the Year ended December 31, 2012
(Most Recent Annual Financial Statements)

	<u>Notes</u>	<u>Local GAAP</u>	<u>Consolidated Remeasurement (EUR'000)</u>	<u>IFRS as of December 31, 2012</u>
Revenue	B	17,439	(1,856)	15,583
Research and development costs	A,B,C,D	(13,619)	2,238	(11,380)
General and administrative expenses	B	(2,690)	—	(2,690)
Other operating income	D	334	(334)	—
Operating profit		1,464	49	1,513
Finance income		4	—	4
Finance expenses		(232)	—	(232)
Profit before tax		1,236	49	1,285
Tax on profit for the year		(35)	—	(35)
Net profit for the year		1,201	49	1,250
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating foreign operations		—	(51)	(51)
Other comprehensive loss for the year		—	(51)	(51)
Total comprehensive income/loss for the year		1,201	(2)	1,199

Notes to the Consolidated Financial Statements

Notes to the Reconciliations from Danish GAAP to IFRS

Note A

No compensation for share-based payment transactions was recognized under Danish GAAP. As part of our conversion to IFRS, such compensation has been calculated for all historical share-based transactions in accordance with IFRS 2 and recognized in retained earnings in the IFRS opening balance. The total adjustment for historical warrant grants was approximately €2 million and €2.1 million as of January 1, 2012 and December 31, 2012, respectively, of which €1.3 million and €1.4 million were related to warrants granted to employees of our subsidiaries, respectively. Please refer to Note 5 for additional details of the assumptions used in the calculations.

Note B

As part of our conversion to IFRS, all historical revenue generating transactions were reviewed for compliance with IAS 18. Under Danish GAAP, revenue has generally been recognized at earlier stages in the revenue generating transactions, whereas IAS 18 has more specific requirements for recognition of revenue. Under Danish GAAP, revenue recognition has been focused on the legal right to payments whereas revenue recognition under IAS 18 is more focused on the interdependence of multiple deliverables, and when services have been provided and earned. Accordingly, part of the up-front payments under agreements with continued involvement that had been recognized as revenue under Danish GAAP is being deferred under IFRS. A total of €16.7 million was reclassified from revenue to deferred income in the opening balance of IFRS as of January 1, 2012 and €17.1 million as of December 31, 2012.

Please refer to Note 13 for additional details on deferred income.

Note C

Intangible assets in the consolidated financial statements comprise goodwill related to the acquisition of our German subsidiary in 2007. The acquisition under Danish GAAP resulted in recognition of goodwill which was amortized over 10 years from the acquisition date. As part of the conversion to IFRS, we have utilized the exemption in IFRS 3, thereby not applying that standard to transactions completed before the transition date to IFRS. Accordingly, we fixed the carrying amount of goodwill at the transition date to IFRS which was January 1, 2012, in the amount of €3.5 thousand and replaced the amortization with yearly impairment tests. As a result, amortization of goodwill of €591 thousand recognized in 2012 under Danish GAAP has been reversed in the conversion to IFRS.

Note D

In the consolidated financial statements under Danish GAAP, government grants were recognized as other operating income. IAS 20 accepts that government grants that are received to cover expenses incurred be recognized as a credit to the financial statement line where the related expenses are recognized. Accordingly, government grants of €334 thousand previously disclosed as other operating income in 2012 have been reclassified to research and development costs as part of the conversion to IFRS.

Note E

Refer to Note 1 for details on the bonus share issuance, which has been retroactively effected and presented herein combined with the IFRS reconciliation adjustments such that the local GAAP share capital and retained earnings figures correspond to the previously-issued Danish GAAP financial statements.

The most recent annual consolidated financial statements prior to conversion to IFRS did not include cash flow statements, which was in accordance with Danish GAAP.

Notes to the Consolidated Financial Statements

Note 19—Subsequent Events

Termination of Collaboration Agreement with United Therapeutics

In September 2012, we entered into a collaboration agreement with United Therapeutics under which we granted United Therapeutics a license to research, develop, make and commercialize products based on the TransCon technology and prostacyclin analogs, and later expanded the license to include the drug beraprost. In May 2014, United Therapeutics filed an IND for TransCon Treprostinil, which was subsequently accepted by the FDA in June 2014. On June 30, 2014, we received a notice from United Therapeutics informing us of its intent to terminate the collaboration agreement for convenience, and we are in the process of negotiating the transition of the program back to us.

Approval of the Consolidated Financial Statements

These consolidated financial statements were approved by our board of directors on August 1, 2014.

Through and including _____, 2015, (the 25th day after the date of this prospectus), all dealers effecting transactions in the ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This delivery requirement is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

**5,000,000 American Depositary Shares
Representing 5,000,000 Ordinary Shares**



Ascendis Pharma A/S

PROSPECTUS

**BofA Merrill Lynch
Leerink Partners
Wells Fargo Securities**

, 2015

PART II

Information Not Required in Prospectus

Item 6. Indemnification of Directors and Officers.

According to the Danish Companies Act, the general meeting is allowed to discharge our board members and members of our senior management from liability for any particular financial year based on a resolution relating to the financial statements. This discharge means that the general meeting will discharge such board members and members of our senior management from liability to our company; however, the general meeting cannot discharge any claims by individual shareholders or other third parties.

Additionally, we intend to enter into agreements with our board members and members of our senior management, pursuant to which, subject to limited exceptions, we will agree to indemnify such board members and members of our senior management from civil liability, including (i) any damages or fines payable by them as a result of an act or failure to act in the exercise of their duties currently or previously performed by them; (ii) any reasonable costs of conducting a defense against a claim; and (iii) any reasonable costs of appearing in other legal proceedings in which such individuals are involved as current or former board members or members of our senior management.

There is a risk that such agreement will be deemed void under Danish law, either because the agreement is deemed contrary to the rules on discharge of liability in the Danish Companies Act, as set forth above, because the agreement is deemed contrary to sections 19 and 23 of the Danish Act on Damages, which contain mandatory provisions on recourse claims between an employee (including members of our senior management) and the company, or because the agreement is deemed contrary to the general provisions of the Danish Contracts Act.

The form of underwriting agreement filed as Exhibit 1.1 to this registration statement will also provide for indemnification of us and our directors and officers upon the terms and subject to the conditions specified therein.

Item 7. Recent Sales of Unregistered Securities.

The following list sets forth information as to all securities we have sold since January 1, 2012, which were not registered under the Securities Act. The following share numbers and per share amounts have been adjusted for a three-for-one bonus issuance, but have not been adjusted for the conversion of our preference shares into ordinary shares to be effected in connection with the completion of this offering.

1. In November 2014, we issued an aggregate of 6,133,832 shares of our preference D shares at a price of \$9.7818 per share. The aggregate gross consideration received for these issuances was approximately \$60.0 million.
2. We granted warrants to employees, directors and consultants under our Warrant Incentive Program covering an aggregate of 1,818,180 ordinary shares, at a weighted-average exercise price of €7.5230 per share.

The transactions described in paragraph (1) were made outside the United States pursuant to Regulation S or to U.S. persons pursuant to Section 4(a)(2) of the Securities Act and/or Regulation D promulgated thereunder as transactions not involving any public offering and outside the United States.

The transactions described in paragraph (2) were made outside the United States pursuant to Regulation S or to U.S. persons pursuant to Rule 701 promulgated under the Securities Act, in that the securities were offered and sold either pursuant to written compensatory plans or pursuant to a written contract relating to compensation, as provided by Rule 701 or to U.S. persons pursuant to Section 4(a)(2) of the Securities Act in that such sales and issuances did not involve a public offering.

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Item 8. Exhibits and Financial Statement Schedules.

(a) **Exhibits.** See the Exhibit Index attached to this registration statement, which is incorporated by reference herein.

(b) **Financial Statement Schedules.** Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the consolidated financial statements or notes thereto.

Item 9. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer, or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

1. For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.
2. For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement on Form F-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in Hellerup, Denmark, on January 26, 2015.

ASCENDIS PHARMA A/S

By: /s/ Jan Møller Mikkelsen
 Jan Møller Mikkelsen
 President and Chief Executive Officer

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u> /s/ Jan Møller Mikkelsen</u> Jan Møller Mikkelsen	President, Chief Executive Officer, Board Member and Executive Director <i>(Principal Executive Officer)</i>	January 26, 2015
<u> /s/ Thomas P. Soloway</u> Thomas P. Soloway	Senior Vice President, Chief Financial Officer and Executive Director <i>(Principal Financial Officer)</i>	January 26, 2015
<u> /s/ Peter Rasmussen</u> Peter Rasmussen	Vice President, Finance <i>(Principal Accounting Officer)</i>	January 26, 2015
<u> /s/ Michael Wolff Jensen, L.L.M.</u> Michael Wolff Jensen, L.L.M.	Chairman of the Board of Directors	January 26, 2015
<u> *</u> Albert Cha, M.D., Ph.D.	Board Member	January 26, 2015
<u> *</u> Edwin de Graaf	Board Member	January 26, 2015
<u> *</u> James I. Healy, M.D., Ph.D.	Board Member	January 26, 2015
<u> *</u> Michael Mayer	Board Member	January 26, 2015
<u> *</u> Martin Olin	Board Member	January 26, 2015
<u> *</u> Jonathan T. Silverstein, J.D.	Board Member	January 26, 2015
<u> *</u> Rafaèle Tordjman, M.D., Ph.D.	Board Member	January 26, 2015
<u>*By: /s/ Jan Møller Mikkelsen</u> Jan Møller Mikkelsen Attorney-in-Fact		January 26, 2015

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Ascendis Pharma, Inc.

Authorized Representative in the
United States

By: /s/ Thomas P.

Soloway

Name: Thomas P.

Soloway

Title: Senior Vice

President,

Chief Financial

Officer

January 26, 2015

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<u>Exhibit Number</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>Incorporated by Reference</u>		<u>Provided Herewith</u>
			<u>Date</u>	<u>Number</u>	
1.1	Form of Underwriting Agreement.				X
3.1	Articles of Association, currently in effect.				X
3.2	Form of Articles of Association, to be in effect following the closing of this offering.				X
4.1	Reference is made to exhibits 3.1 through 3.2.				
4.2	Form of Deposit Agreement.				X
4.3	Form of American Depositary Receipt (included in Exhibit 4.2).				
5.1	Opinion of Mazanti-Andersen Korsø Jensen.				X
8.1	Tax opinion of Mazanti-Andersen Korsø Jensen.				X
10.1†	Exclusive Licence Agreement dated July 31, 2013 between Ascendis Pharma Ophthalmology Division A/S, Genentech, Inc. and F. Hoffmann-La Roche Ltd.	F-1	12/18/2014	10.1	
10.2†	Patent Transfer & Exclusive Licence Agreement dated December 15, 2010 between Ascendis Pharma A/S and Sanofi Aventis Deutschland GmbH.	F-1	12/18/2014	10.2	
10.3(a)	Rental Agreement, between Technologiepark Heidelberg II GmbH & Co. KG and Ascendis Pharma GmbH.	F-1	12/18/2014	10.3(a)	
10.3(b)	Supplement No. 1 to Rental Agreement, between Technologiepark Heidelberg II GmbH & Co. KG and Ascendis Pharma GmbH.	F-1	12/18/2014	10.3(b)	
10.4(a)#	Reference is made to exhibits 3.1 through 3.2.				
10.4(b)#	Form of Warrant Certificate.	F-1	12/18/2014	10.4(b)	
10.5#	Form of Indemnification Agreement for board members and senior management.	F-1	1/16/2014	10.5	
10.6	Registration Rights Agreement dated November 24, 2014 among Ascendis Pharma A/S and the investors set forth therein.	F-1	12/18/2014	10.6	
21.1	List of Subsidiaries.	F-1	12/18/2014	21.1	
23.1	Consent of independent registered public accounting firm.				X
23.2	Consent of Mazanti-Andersen Korsø Jensen (included in Exhibit 5.1).				
23.3	Consent of Mazanti-Andersen Korsø Jensen (included in Exhibit 8.1).				
24.1	Power of Attorney.	F-1	12/18/2014	24.1	
99.1	Registrant's application for waiver of requirements of Form 20-F, Item 8.A.4.	F-1	12/18/2014	99.1	

† Portions of this exhibit (indicated by asterisks) have been omitted pursuant to a request for confidential treatment and this exhibit has been filed separately with the SEC.

Indicates senior management contract or compensatory plan.

ASCENDIS PHARMA A/S

(a company organized under the laws of Denmark)

American Depositary Shares

Representing an Aggregate of

Ordinary Shares

UNDERWRITING AGREEMENT

, 2015

Merrill Lynch, Pierce, Fenner & Smith
Incorporated

Leerink Partners LLC

as Representatives of the several Underwriters

c/o Merrill Lynch, Pierce, Fenner & Smith
Incorporated
One Bryant Park
New York, New York 10036

and

c/o Leerink Partners LLC
201 Spear Street, 16F
San Francisco, CA 94105

Ladies and Gentlemen:

Ascendis Pharma A/S, a company organized under the laws of Denmark (the “**Company**”), confirms its agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated (“**Merrill Lynch**”), Leerink Partners LLC (“**Leerink**”) and each of the other Underwriters named in Schedule A hereto (collectively, the “**Underwriters**,” which term shall also include any underwriter substituted as hereinafter provided in Section 10 hereof), for whom Merrill Lynch and Leerink are acting as representatives (in such capacity, the “**Representatives**”), with respect to (i) the sale by the Company and the purchase by the Underwriters, acting severally and not jointly, of the respective numbers of American Depositary Shares of the Company (“**ADSs**”), each ADS representing one ordinary share of the Company, DKK 1 nominal value per share (“**Ordinary Shares**”), set forth in Schedule A hereto and (ii) the grant by the Company to the Underwriters, acting severally and not jointly, of the option described in Section 2(b) hereof to purchase all or any part of additional ADSs. The aforesaid ADSs (the “**Initial Securities**”) to be purchased by the Underwriters and all or any part of the ADSs subject to the option described in Section 2(b) hereof (the “**Option Securities**”) are herein called, collectively, the “**Securities**.” The Ordinary Shares represented by the Securities are herein called the “**Shares**”.

The Shares will, following subscription by the Underwriters, be deposited pursuant to the deposit agreement dated [X], 2015 (the “**Deposit Agreement**”) by and among the Company, The Bank of New York Mellon, as depositary (the “**Depositary**”), and holders and beneficial holders from time to time of the American Depositary Receipts (the “**ADRs**”) issued by the Depositary and evidencing the ADSs. Each ADS will initially represent the right to receive one Ordinary Share deposited pursuant to the Deposit Agreement. The parties hereto agree that to facilitate the transactions contemplated by this Agreement, the Underwriters shall subscribe for the Shares and, upon the Underwriters becoming the owners of their respective Shares, the Representatives shall deposit such Shares with the Depositary against issuance of ADSs and/or ADRs, in each case in accordance with the terms of the Deposit Agreement.

The Company understands that the Underwriters propose to make a public offering of the Securities as soon as the Representatives deem advisable after this Agreement has been executed and delivered.

The Company has filed with the Securities and Exchange Commission (the “**Commission**”) a registration statement on Form F-1 (No. 333-201050), including the related preliminary prospectus or prospectuses, covering the registration of the sale of the Securities and the Shares under the Securities Act of 1933, as amended (the “**1933 Act**”) and including a prospectus relating to the Ordinary Shares and a registration statement on Form F-6 relating to the Securities. Promptly after execution and delivery of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430A (“**Rule 430A**”) of the rules and regulations of the Commission under the 1933 Act (the “**1933 Act Regulations**”) and Rule 424(b) (“**Rule 424(b)**”) of the 1933 Act Regulations. The information included in such prospectus that was omitted from such registration statement at the time it became effective but that is deemed to be part of such registration statement at the time it became effective pursuant to Rule 430A(b) is herein called the “**Rule 430A Information**.” Such registration statement, including the amendments thereto, the exhibits thereto and any schedules thereto, at the time it became effective, and including the Rule 430A Information, is herein called the “**Registration Statement**.” Any registration statement filed pursuant to Rule 462(b) of the 1933 Act Regulations is herein called the “**Rule 462(b) Registration Statement**” and, after such filing, the term “**Registration Statement**” shall include the Rule 462(b) Registration Statement. Each prospectus used prior to the effectiveness of the Registration Statement, and each prospectus that omitted the Rule 430A Information that was used after such effectiveness and prior to the execution and delivery of this Agreement is herein called a “**preliminary prospectus**.” The final prospectus, in the form first furnished to the Underwriters for use in connection with the offering of the Securities, is herein called the “**Prospectus**.” For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system or any successor system (“**EDGAR**”).

As used in this Agreement:

“**Applicable Time**” means [X]:00 P./A.M., New York City time, on [X], 2015 or such other time as agreed by the Company and Merrill Lynch.

“**General Disclosure Package**” means any Issuer General Use Free Writing Prospectuses issued at or prior to the Applicable Time, the most recent preliminary prospectus that is distributed to investors prior to the Applicable Time and the information included on Schedule B-1 hereto, all considered together.

“Issuer Free Writing Prospectus” means any “issuer free writing prospectus,” as defined in Rule 433 of the 1933 Act Regulations (“Rule 433”), including without limitation any “free writing prospectus” (as defined in Rule 405 of the 1933 Act Regulations (“Rule 405”)) relating to the Securities that is (i) required to be filed with the Commission by the Company, (ii) a “road show that is a written communication” within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission, or (iii) exempt from filing with the Commission pursuant to Rule 433(d)(5)(i) because it contains a description of the Securities or of the offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company’s records pursuant to Rule 433(g).

“Issuer General Use Free Writing Prospectus” means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors (other than a “*bona fide* electronic road show,” as defined in Rule 433 (the “Bona Fide Electronic Road Show”)), as evidenced by its being specified in Schedule B-2 hereto.

“Issuer Limited Use Free Writing Prospectus” means any Issuer Free Writing Prospectus that is not an Issuer General Use Free Writing Prospectus.

“Testing-the-Waters Communication” means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the 1933 Act.

“Written Testing-the-Waters Communication” means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the 1933 Act.

SECTION 1. Representations and Warranties.

(a) *Representations and Warranties by the Company.* The Company represents and warrants to each Underwriter as of the date hereof, the Applicable Time, the Closing Time (as defined below) and any Date of Delivery (as defined below), and agrees with each Underwriter, as follows:

(i) Registration Statement and Prospectuses. Each of the Registration Statement and any amendment thereto has become effective under the 1933 Act. No stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the 1933 Act, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company’s knowledge, contemplated. The Company has complied with each request (if any) from the Commission for additional information.

Each of the Registration Statement and any post-effective amendment thereto, at the time it became effective, complied in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations. Each preliminary prospectus, the Prospectus and any amendment or supplement thereto, at the time each was filed with the Commission, complied in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations. Each preliminary prospectus delivered to the Underwriters for use in connection with this offering and the Prospectus was or will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Accurate Disclosure. Neither the Registration Statement nor any amendment thereto, at its effective time, at the Closing Time or at any Date of Delivery, contained, contains

or will contain an untrue statement of a material fact or omitted, omits or will omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. As of the Applicable Time, none of (A) the General Disclosure Package, (B) any individual Issuer Limited Use Free Writing Prospectus and (C) individual Written Testing-the-Waters Communication, when considered together with the General Disclosure Package, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Neither the Prospectus nor any amendment or supplement thereto (including any prospectus wrapper), as of its issue date, at the time of any filing with the Commission pursuant to Rule 424(b), at the Closing Time or at any Date of Delivery, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement (or any amendment thereto), the General Disclosure Package or the Prospectus (or any amendment or supplement thereto) made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through Merrill Lynch expressly for use therein. For purposes of this Agreement, the only information so furnished shall be the information in the first paragraph under the heading “Underwriting–Commissions and Discounts,” the information in the second, third and fourth paragraphs under the heading “Underwriting–Price Stabilization, Short Positions and Penalty Bids” and the information under the heading “Underwriting–Electronic Offer, Sale and Distribution of Shares” in each case contained in the Prospectus (collectively, the “**Underwriter Information**”).

(iii) Issuer Free Writing Prospectuses. No Issuer Free Writing Prospectus conflicts or will conflict with the information contained in the Registration Statement or the Prospectus, and any preliminary or other prospectus deemed to be a part thereof that has not been superseded or modified. The Company has made available a Bona Fide Electronic Road Show in compliance with Rule 433(d)(8)(ii) such that no filing of any “road show” (as defined in Rule 433(h)) is required in connection with the offering of the Securities.

(iv) Testing-the-Waters Materials. The Company (A) has not engaged in any Testing-the-Waters Communication other than Testing-the-Waters Communications with the consent of the Representatives with entities that are qualified institutional buyers within the meaning of Rule 144A under the 1933 Act or institutions that are accredited investors within the meaning of Rule 501 under the 1933 Act and (B) has not authorized anyone other than the Representatives to engage in Testing-the-Waters Communications. The Company reconfirms that the Representatives have been authorized to act on its behalf in undertaking Testing-the-Waters Communications. The Company has not distributed any Written Testing-the-Waters Communications except as identified to the Representatives.

(v) Form F-6. A registration statement on Form F-6 (No. 333-[•]), and any amendments thereto, in respect of the Securities has been filed with the Commission; such registration statement in the form heretofore delivered to the Representatives has become effective under the 1933 Act; no other document with respect to such registration statement has heretofore been filed with the Commission; no stop order suspending the effectiveness of such registration statement has been issued and, to the Company’s knowledge, no proceeding for that purpose has been initiated or threatened by the Commission (the various parts of such registration statement, including all exhibits thereto, each as amended at the time such part of the registration

statement became effective, being hereinafter called the “**ADS Registration Statement**”); and the ADS Registration Statement when it became effective conformed, and any further amendments thereto will conform, in all material respects to the requirements of the 1933 Act, and did not, as of the applicable effective date, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(vi) **Company Not Ineligible Issuer.** At the time of filing the Registration Statement and any post-effective amendment thereto, at the earliest time thereafter that the Company or another offering participant made a *bona fide* offer (within the meaning of Rule 164(h)(2) of the 1933 Act Regulations) of the Securities and at the date hereof, the Company was not and is not an “ineligible issuer,” as defined in Rule 405, without taking account of any determination by the Commission pursuant to Rule 405 that it is not necessary that the Company be considered an ineligible issuer.

(vii) **Emerging Growth Company Status.** From the time of the initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any Person authorized to act on its behalf in any Testing-the-Waters Communication) through the date hereof, the Company has been and is an “emerging growth company,” as defined in Section 2(a) of the 1933 Act (an “**Emerging Growth Company**”).

(viii) **Independent Accountants.** The accountants who certified the financial statements and supporting schedules included in the Registration Statement, the General Disclosure Package and the Prospectus are independent public accountants as required by the 1933 Act, the 1933 Act Regulations and the Public Company Accounting Oversight Board.

(ix) **Financial Statements; Non-GAAP Financial Measures.** The financial statements included in the Registration Statement, the General Disclosure Package and the Prospectus, together with the related schedules and notes, present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, shareholders’ equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board applied on a consistent basis throughout the periods involved, except in the case of unaudited, interim financial statements, subject to normal year-end audit adjustments and the exclusion of certain footnotes as permitted by the applicable rules of the Commission. The supporting schedules, if any, present fairly, in all material respects, in accordance with IFRS the information required to be stated therein. The selected financial data and the summary financial information included in the Registration Statement, the General Disclosure Package and the Prospectus present fairly, in all material respects, the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included therein. The pro forma financial statements and the related notes thereto included in the Registration Statement, the General Disclosure Package and the Prospectus present fairly the information shown therein, have been prepared in accordance with the Commission’s rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. Except as included therein, no historical or pro forma financial statements or supporting schedules are required to be included or incorporated by reference in the Registration Statement, the General Disclosure Package or the Prospectus under the 1933 Act or the 1933 Act Regulations.

(x) No Material Adverse Change in Business. Except as otherwise stated therein, since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a “**Material Adverse Effect**”), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its share capital.

(xi) Corporate Existence of the Company. The Company has been duly organized and is validly existing as a corporation under the laws of the Kingdom of Denmark and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement, the General Disclosure Package and the Prospectus and to enter into and perform its obligations under this Agreement and the Deposit Agreement; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required (or such equivalent concept to the extent it exists under the laws of such jurisdiction) by reason of the ownership or leasing of its properties or the conduct of its business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(xii) Good Standing of Subsidiaries. Each “significant subsidiary” of the Company (as such term is defined in Rule 1-02 of Regulation S-X) (each, a “**Subsidiary**” and, collectively, the “**Subsidiaries**”) has been duly organized and is validly existing in good standing under the laws of the jurisdiction of its incorporation or organization (or such equivalent concept to the extent it exists under the laws of such jurisdiction), has corporate or similar power and authority to own or lease its properties and to conduct its business as described in the Registration Statement, the General Disclosure Package and the Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required (or such equivalent concept to the extent it exists under the laws of such jurisdiction), by reason of the ownership or leasing of their properties or the conduct of their business, except where the failure to so qualify or to be in good standing would not result in a Material Adverse Effect. Except as otherwise disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, all of the issued and outstanding share capital of each Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity. The only subsidiaries of the Company are (A) the subsidiaries listed on Exhibit 21 to the Registration Statement and (B) certain other subsidiaries which, considered in the aggregate as a single subsidiary, do not constitute a “significant subsidiary” as defined in Rule 1-02 of Regulation S-X.

(xiii) Capitalization. The registered share capital of the Company is as set forth in the Registration Statement, the General Disclosure Package and the Prospectus in the column entitled “Actual” under the caption “Capitalization” (except for subsequent issuances, if any, pursuant to this Agreement, pursuant to reservations, agreements or employee benefit or equity incentive plans referred to in the Registration Statement, the General Disclosure Package and the

Prospectus or pursuant to the exercise of convertible securities or options referred to in the Registration Statement, the General Disclosure Package and the Prospectus). The registered share capital of the Company has been duly authorized and validly issued and is fully paid and non-assessable. "Non-assessable" for purposes of this Agreement shall mean that the Company, in respect of a share, cannot require additional payment for such share from a shareholder. None of the registered share capital of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company.

The Shares, when issued to the Underwriters and delivered against payment therefor, may be freely deposited by the Representatives with the Depository against issuance of ADRs evidencing ADSs; the ADSs, when issued and delivered against payment therefor, will be freely transferable by the Company to or for the account of the several Underwriters and (to the extent described in the Registration Statement, the General Disclosure Package and the Prospectus) the initial purchasers thereof; and there are no restrictions on subsequent transfers of the Shares or the ADSs under the laws of Denmark or the United States except as described in the Registration Statement, the General Disclosure Package and the Prospectus under the captions "Description of Share Capital", "Description of American Depositary Shares" and "Shares and ADSs Eligible for Future Sale".

(xiv) Authorization of this Agreement. This Agreement has been duly authorized, executed and delivered by the Company.

(xv) Authorization of the Deposit Agreement. The Deposit Agreement was duly authorized and constitutes a valid and legally binding agreement of the Company, enforceable in accordance with its terms, subject, as to enforceability, to bankruptcy, insolvency, reorganization and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles; upon issuance by the Depository of ADRs evidencing ADSs and the deposit of Shares in respect thereof in accordance with the provisions of the Deposit Agreement, such ADSs will be duly and validly issued and the persons in whose names the ADRs are registered will be entitled to the rights specified therein and in the Deposit Agreement; and the Deposit Agreement and the ADRs and ADSs conform in all material respects to the descriptions thereof contained in the Registration Statement, the General Disclosure Package and the Prospectus.

(xvi) Authorization and Description of Securities. The Securities to be purchased by the Underwriters from the Company will be issued by the Company through valid authorization to the Company's Board of Directors in the Company's Articles of Association and will accordingly be duly authorized for delivery, issuance and sale to the Underwriters pursuant to this Agreement and, upon payment and receipt by the Company of the consideration set forth herein, will be validly issued and fully paid and non-assessable; and the issuance of the Securities is not subject to the preemptive or other similar rights of any securityholder of the Company. The Shares conform, in all material respects, to all statements relating thereto contained in the Registration Statement, the General Disclosure Package and the Prospectus and such description conforms, in all material respects, to the rights set forth in the instruments defining the same. No holder of Securities will be subject to personal liability by reason of being such a holder.

(xvii) Registration Rights. There are no persons with registration rights or other similar rights to have any securities registered for sale pursuant to the Registration Statement or otherwise registered for sale or sold by the Company under the 1933 Act pursuant to this Agreement, other than those rights that have been disclosed in the Registration Statement, the General Disclosure Package and the Prospectus and have been waived or shall terminate at or about the Closing Time.

(xviii) Absence of Violations, Defaults and Conflicts. Neither the Company nor any of its subsidiaries is (A) in violation of its Articles of Association or similar organizational document, (B) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the properties or assets of the Company or any subsidiary is subject (collectively, “**Agreements and Instruments**”), except for such defaults that would not, singly or in the aggregate, result in a Material Adverse Effect, or (C) in violation of any law, statute, rule, regulation, judgment, order, writ or decree of any arbitrator, court, governmental body, regulatory body, administrative agency or other authority, body or agency having jurisdiction over the Company or any of its subsidiaries or any of their respective properties, assets or operations (each, a “**Governmental Entity**”), except for such violations that would not, singly or in the aggregate, result in a Material Adverse Effect. The execution, delivery and performance of this Agreement and the Deposit Agreement and the consummation of the transactions contemplated herein and therein and in the Registration Statement, the General Disclosure Package and the Prospectus (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described therein under the caption “**Use of Proceeds**”) and compliance by the Company with its obligations hereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any properties or assets of the Company or any subsidiary pursuant to, the Agreements and Instruments (except for such conflicts, breaches, defaults or Repayment Events or liens, charges or encumbrances that would not, singly or in the aggregate, result in a Material Adverse Effect), nor will such action result in any violation of (i) the provisions of the Articles of Association or similar organizational document of the Company or any of its subsidiaries or (ii) any law, statute, rule, regulation, judgment, order, writ or decree of any Governmental Entity; in each case, except for such violations that would not, singly or in the aggregate, result in a Material Adverse Effect. As used herein, a “**Repayment Event**” means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder’s behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(xix) Listing of the ADSs. The ADSs have been listed on the Exchange, and the Company is not aware of any notice of delisting.

(xx) Absence of Labor Dispute. No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any subsidiary’s principal suppliers, manufacturers, collaborators or contractors, which, in either case, would reasonably be expected to result in a Material Adverse Effect.

(xxi) Absence of Proceedings. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, there is no action, suit, proceeding, inquiry or investigation before or brought by any Governmental Entity now pending or, to the knowledge of the Company, threatened, against or affecting the Company or any of its subsidiaries, which would reasonably be expected to result in a Material Adverse Effect, or which would reasonably be expected to materially and adversely affect their respective properties or assets or the consummation of the transactions contemplated in this Agreement or the performance by the

Company of its obligations hereunder; and the aggregate of all pending legal or governmental proceedings to which the Company or any such subsidiary is a party or of which any of their respective properties or assets is the subject which are not described in the Registration Statement, the General Disclosure Package and the Prospectus, including ordinary routine litigation incidental to the business, would not reasonably be expected to result in a Material Adverse Effect.

(xxii) Accuracy of Exhibits. There are no contracts or documents which are required to be described in the Registration Statement, the General Disclosure Package or the Prospectus or to be filed as exhibits to the Registration Statement which have not been so described and filed as required.

(xxiii) Absence of Further Requirements. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any Governmental Entity is necessary or required for the deposit of the Shares being deposited with the Depositary against issuance of ADRs evidencing the ADSs to be delivered, performance by the Company of its obligations hereunder and under the Deposit Agreement, in connection with the offering, issuance or sale of the Shares or the Securities hereunder or the consummation of the transactions contemplated by this Agreement and the Deposit Agreement, except such as have been already obtained or as may be required under the 1933 Act, the 1933 Act Regulations, the rules of The NASDAQ Global Market (the “**Exchange**”), state securities laws or the rules of the Financial Industry Regulatory Authority, Inc. (“**FINRA**”).

(xxiv) Possession of Licenses and Permits. The Company and its subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, “**Governmental Licenses**”) issued by the appropriate Governmental Entities necessary to conduct the business now operated by them, except where the failure so to possess would not, singly or in the aggregate, result in a Material Adverse Effect. The Company and its subsidiaries are in compliance with the terms and conditions of all Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, result in a Material Adverse Effect. All of the Governmental Licenses are valid and in full force and effect, except where the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not, singly or in the aggregate, result in a Material Adverse Effect. The Company’s executive officers have not received any notice of proceedings relating to the revocation or modification of any Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(xxv) Title to Property. The Company and its subsidiaries have good title to all properties owned by them (excluding for the purposes of this Section (1)(a)(xxii), Intellectual Property (as defined below)), in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (A) are described in the Registration Statement, the General Disclosure Package and the Prospectus or (B) do not, singly or in the aggregate, materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company or any of its subsidiaries; and all of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and under which the Company or any of its subsidiaries holds properties described in the Registration Statement, the General Disclosure Package or the Prospectus, are in full force and effect, and neither the Company nor any such subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any subsidiary under any of the leases or subleases

mentioned above, or affecting or questioning the rights of the Company or such subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease, except to the extent that any claim or adverse effect on the Company's rights thereto would not reasonably be expected to result in a Material Adverse Effect.

(xxvi) **Intellectual Property.** The Company and each of its subsidiaries own or possess, have licenses to, or can acquire licenses on reasonable terms to, adequate patents, patent rights, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names and other intellectual property (collectively, "**Intellectual Property**") necessary to carry on the business now operated by them and, to the knowledge of the Company, as currently proposed to be conducted as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, and neither the Company nor any of its subsidiaries has received any notice or is otherwise aware of (i) any infringement of or conflict with asserted Intellectual Property rights of others arising by the Company's or its subsidiaries' business as now operated by them or (ii) any facts or circumstances which would render invalid any issued patents within the Intellectual Property disclosed in the most recent Preliminary Prospectus and the Prospectus as owned by or exclusively licensed to the Company or any of its subsidiaries (the "**Company Intellectual Property**"), and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or finding of invalidity, singly or in the aggregate, would result in a Material Adverse Effect. To the Company's knowledge: (i) except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, there are no third parties who have any ownership or license rights to any Company Intellectual Property, except for customary reversionary rights of third-party licensors with respect to the Intellectual Property that is disclosed in the most recent Preliminary Prospectus and the Prospectus as exclusively licensed to the Company or its subsidiaries; and (ii) there is no infringement by third parties of any Company Intellectual Property. There is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others: (A) challenging the Company's rights in or to any Company Intellectual Property; (B) challenging the validity, enforceability or scope of any Company Intellectual Property; or (C) asserting that the Company or any of its subsidiaries infringes, misappropriates or otherwise violates, or would, upon the commercialization of any product or service described in the most recent Prospectus as under development, infringe, misappropriate or otherwise violate, any Intellectual Property rights of others. The Company and its subsidiaries have complied in all material respects with the terms of each agreement pursuant to which Intellectual Property has been licensed to the Company or its subsidiaries, and, to the Company's knowledge, all such agreements are in full force and effect. To the Company's knowledge, there are no material defects in any of the patents or patent applications included in the Company Intellectual Property.

(xxvii) **Environmental Laws.** Except as described in the Registration Statement, the General Disclosure Package and the Prospectus or would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products, asbestos-containing materials or mold (collectively, "**Hazardous Materials**") or to the manufacture, processing,

distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, “**Environmental Laws**”), (B) the Company and its subsidiaries have all permits, authorizations and approvals required for their operations under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or, to the knowledge of the Company, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations or proceedings relating to any Environmental Law against the Company or any of its subsidiaries and (D) to the knowledge of the Company, there are no events or circumstances existing as of the date hereof that would reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or Governmental Entity, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws.

(xxviii) Accounting Controls. The Company and each of its subsidiaries maintain a system of internal control over financial reporting (as defined under Rules 13a-15 and 15d-15 under the 1934 Act Regulations) and a system of internal accounting controls that are designed to be sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management’s general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management’s general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, since the end of the Company’s most recent audited fiscal year, there has been (1) no material weakness in the Company’s internal control over financial reporting (whether or not remediated) and (2) no change in the Company’s internal control over financial reporting that has materially adversely affected, or is reasonably likely to materially adversely affect, the Company’s internal control over financial reporting.

(xxix) Payment of Taxes. All United States federal income tax returns of the Company and its subsidiaries required by law to be filed have been filed and all taxes shown by such returns or otherwise assessed, which are due and payable, have been paid, except assessments against which appeals have been or will be promptly taken and as to which adequate reserves have been provided. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, all United States federal, state and local, and foreign income tax returns of the Company through the fiscal year ended December 31, 2013 have been settled to the Company’s knowledge and no assessment in connection therewith has been made against the Company. The Company and its subsidiaries have filed all other tax returns that are required to have been filed by them pursuant to applicable foreign, state, local or other law except insofar as the failure to file such returns would not result in a Material Adverse Effect, and has paid all taxes due pursuant to such returns or pursuant to any assessment received by the Company and its subsidiaries, except for such taxes, if any, as are being contested in good faith and as to which adequate reserves have been established by the Company and except where the failure to pay such taxes would not result in a Material Adverse Effect. The charges, accruals and reserves on the books of the Company in respect of any income and corporation tax liability for any years not finally determined are adequate to meet any assessments or re-assessments for additional income tax for any years not finally determined, except to the extent of any inadequacy that would not result in a Material Adverse Effect.

(xxx) Insurance. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, the Company and its subsidiaries carry or are entitled to the benefits of insurance, with reputable insurers, in such amounts and covering such risks as is generally maintained by companies of established repute engaged in the same or similar business, and all such insurance is in full force and effect. The Company has no reason to believe that it or any of its subsidiaries will not be able (A) to renew its existing insurance coverage as and when such policies expire or (B) to obtain comparable coverage from similar institutions as may be necessary or appropriate to conduct its business as now conducted and at a cost that would not result in a Material Adverse Effect. Neither of the Company nor any of its subsidiaries has been denied any insurance coverage which it has sought or for which it has applied.

(xxxii) Investment Company Act. The Company is not required, and upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Registration Statement, the General Disclosure Package and the Prospectus will not be required, to register as an “investment company” under the Investment Company Act of 1940, as amended (the “**1940 Act**”).

(xxxiii) Absence of Manipulation. Neither the Company nor, to the Company’s knowledge, any affiliate of the Company has taken, nor will the Company or any affiliate take, directly or indirectly, without giving effect to activities by the Underwriters, any action which is designed, or would reasonably be expected, to cause or result in, or which constitutes, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities or to result in a violation of Regulation M under the Securities Exchange Act of 1934, as amended (the “**1934 Act**”).

(xxxiiii) Foreign Corrupt Practices Act. None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, affiliate or other person acting on behalf of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the “**FCPA**”), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any “foreign official” (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA and the Company and, to the knowledge of the Company, its affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

(xxxv) Money Laundering Laws. The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Entity (collectively, the “**Money Laundering Laws**”); and no action, suit or proceeding by or before any Governmental Entity involving the Company or any of its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(xxxv) OFAC. None of the Company, any of its subsidiaries or, to the knowledge of the Company, any director, officer, agent, employee, affiliate or representative of the Company or any of its subsidiaries is an individual or entity (“**Person**”) currently the subject or target of any sanctions administered or enforced by the United States Government, including, without limitation, the U.S. Department of the Treasury’s Office of Foreign Assets Control (“**OFAC**”), the United Nations Security Council (“**UNSC**”), the European Union, Her Majesty’s Treasury (“**HMT**”), or other relevant sanctions authority (collectively, “**Sanctions**”), nor is the Company located, organized or resident in a country or territory that is the subject of Sanctions; and the Company will not directly or indirectly use the proceeds of the sale of the Securities, or lend, contribute or otherwise make available such proceeds to any subsidiaries, joint venture partners or other Person, to fund any activities of or business with any Person, or in any country or territory, that, at the time of such funding, is the subject of Sanctions or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

(xxxvi) Foreign Private Issuer. The Company is a “foreign private issuer” within the meaning of Rule 405 under the 1933 Act.

(xxxvii) No Transaction or Other Taxes. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, no transaction, stamp, capital or other issuance, registration, transaction, transfer or withholding taxes or duties are payable in the Kingdom of Denmark by or on behalf of the Underwriters to any Danish taxing authority in connection with (A) the deposit with the Depositary of the Shares by the Representatives against the issuance of ADRs evidencing the ADSs, (B) the issuance and allotment of the Securities by the Company to or for the account of the Underwriters, (C) the acquisition from the Company and the initial sale by the Underwriters of the Securities to purchasers thereof, or (D) the execution and delivery of this Agreement or the Deposit Agreement.

(xxxviii) Validity of Choice of Law. The choice of the law of the State of New York as the governing law of this Agreement is a valid choice of law under the laws of the Kingdom of Denmark and, except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, will be honored by courts in the Kingdom of Denmark. The Company has the power to submit, and pursuant to Section 16 of this Agreement, has legally, validly, effectively and irrevocably submitted, to the personal jurisdiction of each United States federal court and New York state court located in the Borough of Manhattan, in The City of New York, New York, United States, and the Company has legally, validly, effectively and irrevocably designated, appointed and authorized an agent for service of process in any action arising out of or relating to this Agreement or the Securities in any New York federal or state court.

(xxxix) Lending Relationship. Except as disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company (i) does not have any material lending or other relationship with any bank or lending affiliate of any Underwriter and (ii) does not intend to use any of the proceeds from the sale of the Securities to repay any outstanding debt owed to any affiliate of any Underwriter.

(xl) Statistical and Market-Related Data. Any statistical and market-related data included in the Registration Statement, the General Disclosure Package or the Prospectus are based on or derived from sources that the Company believes to be reliable and accurate and, to the extent required, the Company has obtained the written consent to the use of such data from such sources.

(xli) Regulatory Matters. Except as described in the Registration Statement, the General Disclosure Package and the Prospectus, and except as would not, individually or in the aggregate, have or may reasonably be expected to have a Material Adverse Effect: (i) neither the Company nor any of its subsidiaries has received any written notice of adverse filing, warning letter, untitled letter or other correspondence or notice from the U.S. Food and Drug Administration or other relevant regulatory authorities, or any other court or arbitrator or federal, state, local or foreign governmental or regulatory authority, alleging or asserting material noncompliance with the Federal Food, Drug and Cosmetic Act (21 U.S.C. § 301 et seq.) (the “**FFDCA**”), or similar state, federal or foreign law or regulation; (ii) the Company and any subsidiary, and to the Company’s knowledge, their respective directors, officers, employees or agents, are and since January 1, 2012 have been in compliance in all material respects with applicable health care laws, including without limitation, the FFDCA and the federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)), the Civil Monetary Penalties Law (42 U.S.C. § 1320a-7a), the U.S. Civil False Claims Act (31 U.S.C. §3729 et seq.), 18 U.S.C. §§286 and 287, and the health care fraud criminal provisions under the U.S. Health Insurance Portability and Accountability Act of 1996 (“**HIPAA**”) (42 U.S.C. Section 1320d et seq.), the exclusion laws (42 U.S.C. §1320a-7), HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act (42 U.S.C. §17921 et seq.), the U.S. Controlled Substances Act (21 U.S.C. Section 801 et seq.), each as amended, and the regulations promulgated thereunder; and all other comparable local, state, federal, national, supranational and foreign laws, and the regulations promulgated thereunder, (collectively, “**Health Care Laws**”); (iii) neither the Company nor any subsidiary received written notice of any ongoing claim, action, suit, proceeding, hearing, enforcement, investigation, arbitration or other action from any U.S. or non-U.S. federal, national, state, local or other governmental or regulatory authority, governmental or regulatory agency or body, court, arbitrator or self-regulatory organization (each, a “**Governmental Authority**”) or third party alleging that any product operation or activity is in violation of any Health Care Laws or has any knowledge that any such Governmental Authority or third party is considering any such claim, litigation, arbitration, action, suit, investigation or proceeding; (iv) neither the Company nor any subsidiary has received written notice that any Governmental Authority has taken, is taking or intends to take action to limit, suspend, modify or revoke any applicable Permit or has any knowledge that any such Governmental Authority is considering such action; (v) the Company and each subsidiary has filed, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Health Care Laws and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were complete, correct and not misleading on the date filed (or were corrected or supplemented by a subsequent submission); (vi) neither the Company nor any subsidiary has, either voluntarily or involuntarily, initiated, conducted, or issued or caused to be initiated, conducted or issued, any recall, market withdrawal or replacement, safety alert, post sale warning, “dear doctor” letter, or other notice or action relating to the alleged lack of safety or efficacy of any product or any alleged product defect or violation and, to the Company’s knowledge, no third party has initiated or conducted any such notice or action; and (vii) neither the Company nor any subsidiary or any of their respective directors, officers, employees or agents is or has been debarred, suspended or excluded, or has been convicted of any crime or engaged in any conduct that would result in a debarment, suspension or exclusion from any federal or state government health care program.

(xlii) Clinical Matters. The preclinical and clinical studies and tests conducted by or, to the knowledge of the Company, on behalf of the Company, since September 1, 2009 have been and, if still pending, are being conducted in all material respects in accordance with experimental protocols, procedures and controls pursuant to all Health Care Laws and applicable Governmental

Licenses; the descriptions of the results of such preclinical and clinical studies and tests contained in the Registration Statement, the General Disclosure Package and the Prospectus are accurate and complete in all material respects and fairly present the data derived from such preclinical and clinical studies and tests; except to the extent disclosed in the Registration Statement, the General Disclosure Package and the Prospectus, the Company is not aware of any preclinical or clinical studies or tests, the results of which the Company believes reasonably call into question the preclinical or clinical study or test results described or referred to in the Registration Statement, the General Disclosure Package and the Prospectus when viewed in the context in which such results are described; and neither the Company nor any of the subsidiaries has received any written notices or correspondence from any Governmental Authority requiring the termination, suspension or material modification of any preclinical or clinical study or test conducted by or on behalf of the Company.

(xliv) **No Rated Securities.** Neither the Company nor its subsidiaries have any debt securities or preferred stock that are rated by any “nationally recognized statistical rating organization” (as defined in Section 3(a)(62) of the 1934 Act).

(b) *Officer's Certificates.* Any certificate signed by any officer of the Company or any of its subsidiaries delivered to the Representatives or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

SECTION 2. Sale and Delivery to Underwriters: Closing.

(a) *Initial Securities.* On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, severally and not jointly, and each Underwriter, severally and not jointly, agrees to purchase from the Company, at the price per ADS set forth in Schedule A, that number of Initial Securities set forth in Schedule A opposite the name of such Underwriter, plus any additional number of Initial Securities which such Underwriter may become obligated to purchase pursuant to the provisions of Section 10 hereof, subject, in each case, to such adjustments among the Underwriters as Merrill Lynch in its sole discretion shall make to eliminate any sales or purchases of fractional ADSs. The Company agrees to take such steps to cause the delivery of the Initial Securities to the Underwriters upon the deposit of Shares with the Depository, in the manner contemplated by the Prospectus.

(b) *Option Securities.* In addition, on the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company hereby grants an option to the Underwriters, severally and not jointly, to purchase up to an additional [X] ADSs, at the price per ADS set forth in Schedule A, less an amount per share equal to any dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities. The option hereby granted may be exercised for 30 days after the date hereof and may be exercised in whole or in part at any time from time to time upon notice by the Representatives to the Company setting forth the number of Option Securities as to which the several Underwriters are then exercising the option and the time and date of payment and delivery for such Option Securities. Any such time and date of delivery (a “**Date of Delivery**”) shall be determined by the Representatives, but any Date of Delivery occurring after the Closing Time shall not be later than seven full business days nor earlier than two full business days after the exercise of said option, nor in any event prior to the Closing Time. If the option is exercised as to all or any portion of the Option Securities, each of the Underwriters, acting severally and not jointly, will purchase that proportion of the total number of Option Securities then being purchased which the number of Initial Securities set forth in Schedule A opposite the name of such Underwriter bears to the total number of Initial Securities, subject, in each case, to such adjustments as Merrill Lynch in its sole discretion shall make to eliminate any sales or purchases of fractional ADSs. The Company agrees to take such steps to cause the delivery of the Option Securities to the Underwriters upon the deposit of Shares with the Depository, as contemplated by the Prospectus.

(c) *Payment.* Payment of the purchase price for, and delivery of certificates or security entitlements for, the Initial Securities shall be made at the offices of Cooley LLP, 1114 Avenue of the Americas, New York, New York 10036, or at such other place as shall be agreed upon by the Representatives and the Company, at 9:00 A.M. (New York City time) on the third (fourth, if the pricing occurs after 4:30 P.M. (New York City time) on any given day) business day after the date hereof (unless postponed in accordance with the provisions of Section 10), or such other time not later than ten business days after such date as shall be agreed upon by the Representatives and the Company (such time and date of payment and delivery being herein called “**Closing Time**”).

In addition, in the event that any or all of the Option Securities are purchased by the Underwriters, payment of the purchase price for, and delivery of certificates or security entitlements for, such Option Securities shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representatives and the Company, on each Date of Delivery as specified in the notice from Merrill Lynch to the Company.

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company against delivery to the Representatives for the respective accounts of the Underwriters of certificates or security entitlements for the Securities to be purchased by them. It is understood that each Underwriter has authorized the Representatives, for its account, to accept delivery of, receipt for, and make payment of the purchase price for, the Initial Securities and the Option Securities, if any, which it has agreed to purchase. Merrill Lynch and Leerink, each individually and not as representatives of the Underwriters, may (but shall not be obligated to) make payment of the purchase price for the Initial Securities or the Option Securities, if any, to be purchased by any Underwriter whose funds have not been received by the Closing Time or the relevant Date of Delivery, as the case may be, but such payment shall not relieve such Underwriter from its obligations hereunder.

SECTION 3. Covenants of the Company. The Company covenants with each Underwriter as follows:

(a) *Compliance with Securities Regulations and Commission Requests.* The Company, subject to Section 3(b), will comply with the requirements of Rule 430A, and will notify the Representatives promptly, and confirm the notice in writing, (i) when any post-effective amendment to the Registration Statement shall become effective or any amendment or supplement to the Prospectus shall have been filed, (ii) of the receipt of any comments from the Commission, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any post-effective amendment or of any order preventing or suspending the use of any preliminary prospectus or the Prospectus, or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes or of any examination pursuant to Section 8(d) or 8(e) of the 1933 Act concerning the Registration Statement and (v) if the Company becomes the subject of a proceeding under Section 8A of the 1933 Act in connection with the offering of the Securities. The Company will effect all filings required under Rule 424(b), in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)), and will take such steps as it deems necessary to ascertain promptly whether the form of prospectus transmitted for filing under Rule 424(b) was received for filing by the Commission and, in the event that it was not, it will promptly file such prospectus. The Company will make every reasonable effort to prevent the issuance of any stop order, prevention or suspension and, if any such order is issued, to obtain the lifting thereof promptly.

(b) *Continued Compliance with Securities Laws.* The Company will comply with the 1933 Act and the 1933 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Registration Statement, the General Disclosure Package and the Prospectus. If at any time when a prospectus relating to the Securities is (or, but for the exception afforded by Rule 172 of the 1933 Act Regulations (“**Rule 172**”), would be) required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to (i) amend the Registration Statement in order that the Registration Statement will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) amend or supplement the General Disclosure Package or the Prospectus in order that the General Disclosure Package or the Prospectus, as the case may be, will not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser or (iii) amend the Registration Statement or amend or supplement the General Disclosure Package or the Prospectus, as the case may be, in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly (A) give the Representatives notice of such event, (B) prepare any amendment or supplement as may be necessary to correct such statement or omission or to make the Registration Statement, the General Disclosure Package or the Prospectus comply with such requirements and, a reasonable amount of time prior to any proposed filing or use, furnish the Representatives with copies of any such amendment or supplement and (C) file with the Commission any such amendment or supplement; provided that the Company shall not file or use any such amendment or supplement to which the Representatives or counsel for the Underwriters shall object. The Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(c) *Delivery of Registration Statements.* The Company has furnished or will deliver to the Representatives and counsel for the Underwriters, without charge, signed copies of the Registration Statement as originally filed and each amendment thereto (including exhibits filed therewith) and signed copies of all consents and certificates of experts, and will also deliver to the Representatives, without charge, a conformed copy of the Registration Statement as originally filed and each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(d) *Delivery of Prospectuses.* The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when a prospectus relating to the Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the 1933 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) *Blue Sky Qualifications.* The Company will use its reasonable best efforts, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representatives may reasonably designate and to maintain such qualifications in effect so long as required to complete the distribution of the Securities; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject.

(f) *Rule 158.* The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide to the Underwriters the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(g) *Use of Proceeds.* The Company will use the net proceeds received by it from the sale of the Securities in the manner specified in the Registration Statement, the General Disclosure Package and the Prospectus under “Use of Proceeds.”

(h) *Listing.* The Company will use its reasonable best efforts to effect and maintain the listing of the Securities on the Exchange.

(i) *Restriction on Sale of Securities.* During a period of 180 days from the date of the Prospectus, the Company will not, without the prior written consent of Merrill Lynch, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any ADSs or Ordinary Shares or any securities convertible into or exercisable or exchangeable for ADSs or Ordinary Shares or file any registration statement under the 1933 Act with respect to any of the foregoing or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the ADSs or Ordinary Shares, whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of ADSs or Ordinary Shares or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (A) the Securities to be sold hereunder, (B) any ADSs or Ordinary Shares issued by the Company upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof and referred to in the Registration Statement, the General Disclosure Package and the Prospectus, (C) any ADSs or Ordinary Shares issued or options to purchase ADSs or Ordinary Shares granted pursuant to existing employee benefit plans of the Company referred to in the Registration Statement, the General Disclosure Package and the Prospectus; (D) any ADSs or Ordinary Shares issued pursuant to any non-employee director equity plan or dividend reinvestment plan referred to in the Registration Statement, the General Disclosure Package and the Prospectus; or (E) the filing by the Company of any registration statement on Form S-8 or a successor form thereto.

(j) If Merrill Lynch, in its sole discretion, agrees to release or waive the restrictions set forth in a lock-up agreement described in Section 5(i) hereof for an officer or director of the Company and provides the Company with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, the Company agrees to announce the impending release or waiver by a press release substantially in the form of Exhibit B hereto through a major news service at least two business days before the effective date of the release or waiver.

(k) *Reporting Requirements.* The Company, during the period when a Prospectus relating to the Securities is (or, but for the exception afforded by Rule 172, would be) required to be delivered under the 1933 Act, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and 1934 Act Regulations. Additionally, the Company shall report the use of proceeds from the issuance of the Securities as may be required under Rule 463 under the 1933 Act.

(l) *Issuer Free Writing Prospectuses.* The Company agrees that, unless it obtains the prior written consent of the Representatives, it will not make any offer relating to the Securities that would

constitute an Issuer Free Writing Prospectus or that would otherwise constitute a “free writing prospectus,” or a portion thereof, required to be filed by the Company with the Commission or retained by the Company under Rule 433; provided that the Representatives will be deemed to have consented to the Issuer Free Writing Prospectuses listed on Schedule B-2 hereto and any “road show that is a written communication” within the meaning of Rule 433(d)(8)(i) that has been reviewed by the Representatives. The Company represents that it has treated or agrees that it will treat each such free writing prospectus consented to, or deemed consented to, by the Representatives as an “issuer free writing prospectus,” as defined in Rule 433, and that it has complied and will comply with the applicable requirements of Rule 433 with respect thereto, including timely filing with the Commission where required, legending and record keeping. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement, any preliminary prospectus or the Prospectus or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission.

(m) Testing-the-Waters Materials. If at any time following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

(n) Emerging Growth Company Status. The Company will promptly notify the Representatives if the Company ceases to be an Emerging Growth Company at any time prior to the later of (i) completion of the distribution of the Securities within the meaning of the 1933 Act and (ii) completion of the 180-day restricted period referred to in Section 3(i).

(o) Deposit of Shares. The Company agrees, prior to the Closing Time, to facilitate the Representatives to deposit Shares with the Depositary in accordance with the provisions of the Deposit Agreement and otherwise to comply with the Deposit Agreement so that ADRs evidencing ADSs will be issued by the Depositary against receipt of such Shares and delivered to the Underwriters at the Closing Time.

SECTION 4. Payment of Expenses.

(a) Expenses. The Company will pay or cause to be paid all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits) as originally filed and each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of copies of each preliminary prospectus, each Issuer Free Writing Prospectus and the Prospectus and any amendments or supplements thereto, (iii) the preparation, issuance and delivery of the certificates or security entitlements for the Securities to the Underwriters, including any share or other transfer taxes and any stamp or other duties payable upon the deposit of the Shares with the Depositary against issuance of ADRs evidencing the ADSs or the sale, issuance or delivery of the Securities to the Underwriters, (iv) the fees and disbursements of the Company’s counsel, accountants and other advisors, (v) the qualification of the Securities and the Shares under securities laws in accordance with the provisions of Section 3(e) hereof,

including filing fees and the reasonable fees and disbursements of counsel for the Underwriters not in excess of \$5,000 in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, (vi) the fees and expenses of any transfer agent or registrar or depository for the Securities and Shares, (vii) the costs and expenses of the Company relating to investor presentations on any “road show” undertaken in connection with the marketing of the Securities, including without limitation, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged by the Company in connection with the road show presentations, travel and lodging expenses of the representatives and officers of the Company and any such consultants (provided that the travel, lodging and any car travel expenses of the representatives of the Underwriters shall be paid by the Underwriters), and 50% of the cost of aircraft and other transportation chartered in connection with the road show, (viii) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with, the review by FINRA of the terms of the sale of the Securities, not in excess of \$20,000 and (ix) the fees and expenses incurred in connection with the listing of the Securities on the Exchange.

(b) *Termination of Agreement.* If this Agreement is terminated by the Representatives in accordance with the provisions of Section 5, Section 9(a)(i) or (iii) or Section 10 hereof, the Company shall reimburse the Underwriters for all of their reasonable and documented out-of-pocket expenses, including the reasonable and documented fees and disbursements of counsel for the Underwriters; provided, however, that if this Agreement is terminated pursuant to Section 10, the Company shall only be required to reimburse such expenses, fees and disbursements of, or attributable to, the Underwriters that have not failed to purchase the Securities that they have agreed to purchase hereunder.

SECTION 5. Conditions of Underwriters’ Obligations. The obligations of the several Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company contained herein or in certificates of any officer of the Company or any of its subsidiaries delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) *Effectiveness of Registration Statement; Rule 430A Information.* The Registration Statement, including any Rule 462(b) Registration Statement, has become effective and, at the Closing Time, no stop order suspending the effectiveness of the Registration Statement or any post-effective amendment thereto has been issued under the 1933 Act, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to the Company’s knowledge, contemplated; and the Company has complied with each request (if any) from the Commission for additional information. A prospectus containing the Rule 430A Information shall have been filed with the Commission in the manner and within the time frame required by Rule 424(b) without reliance on Rule 424(b)(8) or a post-effective amendment providing such information shall have been filed with, and declared effective by, the Commission in accordance with the requirements of Rule 430A.

(b) *Opinion of Counsel for Company.* At the Closing Time, the Representatives shall have received the opinion, dated the Closing Time, of Latham & Watkins LLP, counsel for the Company, in form and substance satisfactory to counsel for the Underwriters.

(c) *Opinion of Local Counsel for Company.* At the Closing Time, the Representatives shall have received the opinion, dated the Closing Time, of Mazanti-Andersen Korso Jensen, local counsel for the Company, in form and substance satisfactory to counsel for the Underwriters.

(d) *Opinion of In-House Intellectual Property Manager for Company.* At the Closing Time, the Representatives shall have received the opinion, dated the Closing Time, of Sonja Vorwerk, in-house intellectual property manager for the Company, in form and substance satisfactory to counsel for the Underwriters.

(e) *Opinion from Counsel for Depositary.* At the Closing Time, the Representatives shall have received the opinion, dated the Closing Time, of Emmet, Marvin & Martin, LLP, counsel for the Depositary, in form and substance satisfactory to counsel for the Underwriters.

(f) *Opinion of Counsel for Underwriters.* At the Closing Time, the Representatives shall have received the opinion, dated the Closing Time, of Cooley LLP, counsel for the Underwriters, in form and substance satisfactory to the Underwriters.

(g) *Opinion of Local Counsel for Underwriters.* At the Closing Time, the Representatives shall have received the opinion, dated the Closing Time, of Kromann Reumart, local counsel for the Underwriters, in form and substance satisfactory to the Underwriters.

(h) *Officers' Certificate.* At the Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package or the Prospectus, any Material Adverse Effect, and the Representatives shall have received a certificate of the Chief Executive Officer or the President of the Company and of the chief financial or chief accounting officer of the Company, dated the Closing Time, to the effect that (i) there has been no Material Adverse Effect, (ii) the representations and warranties of the Company in this Agreement are true and correct with the same force and effect as though expressly made at and as of the Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement under the 1933 Act has been issued, no order preventing or suspending the use of any preliminary prospectus or the Prospectus has been issued and no proceedings for any of those purposes have been instituted or are pending or, to their knowledge, contemplated.

(i) *Accountant's Comfort Letter.* At the time of the execution of this Agreement, the Representatives shall have received from Deloitte LLP a letter, dated such date, in form and substance satisfactory to the Representatives, together with signed or reproduced copies of such letter for each of the other Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the General Disclosure Package and the Prospectus.

(j) *Bring-down Comfort Letter.* At the Closing Time, the Representatives shall have received from Deloitte LLP a letter, dated as of the Closing Time, to the effect that they reaffirm the statements made in the letter furnished pursuant to subsection (g) of this Section, except that the specified date referred to shall be a date not more than three business days prior to the Closing Time.

(k) *Approval of Listing.* At the Closing Time, the Securities shall have been approved for listing on the Exchange, subject only to official notice of issuance.

(l) *No Objection.* FINRA has confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements relating to the offering of the Securities.

(m) *Deposit of Shares.* The Shares to be sold by the Company will, at the Closing Time, be deposited with the Depositary in accordance with the provisions of the Deposit Agreement and otherwise comply with the Deposit Agreement so that ADSs representing such Shares will be issued by the Depositary against receipt of such Shares and ADSs and/or ADRs evidencing ADSs representing such

Shares delivered to the Underwriters at the Closing Date. The Depositary shall have furnished or caused to be furnished to the Representatives at the Closing Time certificates satisfactory to the Representatives evidencing the deposit with it of the Shares being so deposited against issuance of ADRs evidencing the ADSs to be delivered by the Company at the Closing Time, and the execution, countersignature (if applicable), issuance and delivery of ADRs evidencing such ADSs pursuant to the Deposit Agreement.

(n) *Lock-up Agreements.* At the date of this Agreement, the Representatives shall have received an agreement substantially in the form of Exhibit A hereto signed by the directors, officers and substantially all the shareholders of the Company.

(o) *Chief Financial Officer Certificate.* At the time of the execution of this Agreement and at the Closing Time, the Representatives shall have received from the chief financial officer of the Company a certificate in a form reasonably satisfactory to the Representatives.

(p) *Regulatory Certificate.* At the Closing Time, the Representatives shall have received from the Senior Vice President, Product Development, of the Company a certificate in a form reasonably satisfactory to the Representatives.

(q) *Effective Deposit Agreement.* The Deposit Agreement shall be in full force and effect.

(r) *Conditions to Purchase of Option Securities.* In the event that the Underwriters exercise their option provided in Section 2(b) hereof to purchase all or any portion of the Option Securities, the representations and warranties of the Company contained herein and the statements in any certificates furnished by the Company and any of its subsidiaries hereunder shall be true and correct as of each Date of Delivery and, at the relevant Date of Delivery, the Representatives shall have received:

(i) Officers' Certificate. A certificate, dated such Date of Delivery, of the President or a Vice President (or equivalent thereof) of the Company and of the chief financial or chief accounting officer of the Company confirming that the certificate delivered at the Closing Time pursuant to Section 5(g) hereof remains true and correct as of such Date of Delivery.

(ii) Opinion of Counsel for Company. If requested by the Representatives, the opinion of Latham & Watkins LLP, counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(b) hereof.

(iii) Opinion of Local Counsel for Company. If requested by the Representatives, the opinion of Mazanti-Andersen Korso Jensen, local counsel for the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(c) hereof.

(iv) Opinion of In-House Intellectual Property Manager for Company. If requested by the Representatives, the opinion of Sonja Vorwerk, in-house intellectual property manager for the Company, in form and substance satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(d) hereof.

(v) Opinion from Counsel for Depositary. If requested by the Representatives, the opinion of Emmet, Marvin & Martin, LLP, counsel for the Depositary, in form and substance

satisfactory to counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(e) hereof.

(vi) Opinion of Counsel for Underwriters. If requested by the Representatives, the opinion of Cooley LLP, counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(f) hereof.

(vii) Opinion of Local Counsel for Underwriters. If requested by the Representatives, the opinion of Kromann Reumert, local counsel for the Underwriters, dated such Date of Delivery, relating to the Option Securities to be purchased on such Date of Delivery and otherwise to the same effect as the opinion required by Section 5(g) hereof.

(viii) Bring-down Comfort Letter. If requested by the Representatives, a letter from Deloitte LLP, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to Section 5(j) hereof, except that the “specified date” in the letter furnished pursuant to this paragraph shall be a date not more than three business days prior to such Date of Delivery.

(ix) Chief Financial Officer Certificate. A certificate from the chief financial officer of the Company, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to Section 5(o) hereof.

(x) Regulatory Certificate. A certificate from the Senior Vice President, Product Development of the Company, in form and substance satisfactory to the Representatives and dated such Date of Delivery, substantially in the same form and substance as the letter furnished to the Representatives pursuant to Section 5(p) hereof.

(s) *Additional Documents*. At the Closing Time and at each Date of Delivery (if any) counsel for the Underwriters shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be reasonably satisfactory in form and substance to the Representatives and counsel for the Underwriters.

(t) *Termination of Agreement*. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement, or, in the case of any condition to the purchase of Option Securities on a Date of Delivery which is after the Closing Time, the obligations of the several Underwriters to purchase the relevant Option Securities, may be terminated by the Representatives by notice to the Company at any time at or prior to Closing Time or such Date of Delivery, as the case may be, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7, 8, 14, 15 and 16 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) *Indemnification of Underwriters.* The Company agrees to indemnify and hold harmless each Underwriter, its affiliates (as such term is defined in Rule 501(b) under the 1933 Act (each, an “Affiliate”)), its selling agents and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), including the Rule 430A Information, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included (A) in any preliminary prospectus, any Issuer Free Writing Prospectus, any Written Testing-the-Waters Communication, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto), or (B) in any materials or information provided to investors by, or with the approval of, the Company in connection with the marketing of the offering of the Securities (“Marketing Materials”), including any roadshow or investor presentations made to investors by the Company (whether in person or electronically), or the omission or alleged omission in any preliminary prospectus, Issuer Free Writing Prospectus, any Written Testing-the-Waters Communication, Prospectus or in any Marketing Materials of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company;

(iii) against any and all reasonably documented expense whatsoever, as incurred (including the fees and disbursements of one counsel (in addition to local counsel) chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with the Underwriter Information.

(b) *Indemnification of Company, Directors and Officers.* Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), including the Rule 430A Information, the General Disclosure Package or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with the Underwriter Information.

(c) *Actions against Parties; Notification.* Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) above, counsel to the indemnified parties shall be selected by Merrill Lynch, and, in the case of parties indemnified pursuant to Section 6(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for the reasonable fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) *Settlement without Consent if Failure to Reimburse.* If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by this Section 6, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, on the one hand, and of the Underwriters, on the other hand, in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company, on the one hand, and the Underwriters, on the other hand, in connection with the offering of the Securities pursuant to this Agreement shall be deemed

to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company, on the one hand, and the total underwriting discount received by the Underwriters, on the other hand, in each case as set forth on the cover of the Prospectus, bear to the aggregate initial public offering price of the Securities as set forth on the cover of the Prospectus.

The relative fault of the Company, on the one hand, and the Underwriters, on the other hand, shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 7. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 7 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 7, no Underwriter shall be required to contribute any amount in excess of the underwriting commissions received by such Underwriter in connection with the Securities underwritten by it and distributed to the public.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 7, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act and each Underwriter's Affiliates and selling agents shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section 7 are several in proportion to the number of Initial Securities set forth opposite their respective names in Schedule A hereto and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its subsidiaries submitted pursuant hereto, shall remain operative and in full force and effect regardless of (i) any investigation made by or on behalf of any Underwriter or its Affiliates or selling agents, any person controlling any Underwriter, its officers or directors or any person controlling the Company and (ii) delivery of and payment for the Securities.

SECTION 9. Termination of Agreement.

(a) *Termination.* The Representatives may terminate this Agreement, by notice to the Company, at any time at or prior to the Closing Time (i) if there has been, in the judgment of the Representatives, since the time of execution of this Agreement or since the respective dates as of which

information is given in the Registration Statement, the General Disclosure Package or the Prospectus, any Material Adverse Effect, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representatives, impracticable or inadvisable to proceed with the completion of the offering or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission or The NASDAQ Global Market, or (iv) if trading generally on the NYSE MKT or the New York Stock Exchange or in The NASDAQ Global Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by order of the Commission, FINRA or any other governmental authority, or (v) a material disruption has occurred in commercial banking or securities settlement or clearance services in the United States or with respect to Clearstream or Euroclear systems in Europe, or (vi) if a banking moratorium has been declared by either Federal or New York authorities.

(b) *Liabilities.* If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7, 8, 14, 15 and 16 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at the Closing Time or a Date of Delivery to purchase the Securities which it or they are obligated to purchase under this Agreement (the “**Defaulted Securities**”), the Representatives shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representatives shall not have completed such arrangements within such 24-hour period, then:

(i) if the number of Defaulted Securities does not exceed 10% of the number of Securities to be purchased on such date, each of the non-defaulting Underwriters shall be obligated, severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(ii) if the number of Defaulted Securities exceeds 10% of the number of Securities to be purchased on such date, this Agreement or, with respect to any Date of Delivery which occurs after the Closing Time, the obligation of the Underwriters to purchase, and the Company to sell, the Option Securities to be purchased and sold on such Date of Delivery shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement or, in the case of a Date of Delivery which is after the Closing Time, which does not result in a termination of the obligation of the Underwriters to purchase and the Company to sell the relevant Option Securities, as the case may be, either the (i) Representatives or (ii) the Company shall have the right to postpone Closing Time or the relevant Date of Delivery, as the case may be, for a period not exceeding seven days in order to effect any required changes in the Registration Statement, the General Disclosure Package or the Prospectus or in any other documents or arrangements. As used herein, the term “Underwriter” includes any person substituted for an Underwriter under this Section 10.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to Merrill Lynch at One Bryant Park, New York, New York 10036, attention of Syndicate Department (facsimile: (646) 855-3073), with a copy to ECM Legal (facsimile: (212) 230-8730); notices to the Company shall be directed to it at:

Ascendis Pharma A/S
c/o Ascendis Pharma, Inc.
530 Lytton Avenue, 2nd Floor
Palo Alto, California 94301
Attention: Chief Executive Officer and

with a copy (which shall not constitute notice) to:

Latham & Watkins LLP
140 Scott Drive
Menlo Park, California 94025
Fax: (650) 463-2600
Attention: Alan C. Mendelson and Mark V. Roeder

SECTION 12. No Advisory or Fiduciary Relationship. The Company acknowledges and agrees that (a) the purchase and sale of the Securities pursuant to this Agreement, including the determination of the initial public offering price of the Securities and any related discounts and commissions, is an arm's-length commercial transaction between the Company, on the one hand, and the several Underwriters, on the other hand, (b) in connection with the offering of the Securities and the process leading thereto, each Underwriter is and has been acting solely as a principal and is not the agent or fiduciary of the Company, any of its subsidiaries or their respective shareholders, creditors, employees or any other party, (c) no Underwriter has assumed or will assume an advisory or fiduciary responsibility in favor of the Company with respect to the offering of the Securities or the process leading thereto (irrespective of whether such Underwriter has advised or is currently advising the Company or any of its subsidiaries on other matters) and no Underwriter has any obligation to the Company with respect to the offering of the Securities except the obligations expressly set forth in this Agreement, (d) the Underwriters and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company and (e) the Underwriters have not provided any legal, accounting, regulatory or tax advice with respect to the offering of the Securities and the Company has consulted its own respective legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.

SECTION 13. Parties. This Agreement shall each inure to the benefit of and be binding upon the Underwriters and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters and the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters and the Company and their respective successors, and said controlling persons

and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 14. Trial by Jury. The Company (on its behalf and, to the extent permitted by applicable law, on behalf of its shareholders and affiliates) and each of the Underwriters hereby irrevocably waives, to the fullest extent permitted by applicable law, any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

SECTION 15. GOVERNING LAW. THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF, THE STATE OF NEW YORK WITHOUT REGARD TO ITS CHOICE OF LAW PROVISIONS.

SECTION 16. Consent to Jurisdiction; Waiver of Immunity. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby ("**Related Proceedings**") shall be instituted in (i) the federal courts of the United States of America located in the City and County of New York, Borough of Manhattan or (ii) the courts of the State of New York located in the City and County of New York, Borough of Manhattan (collectively, the "**Specified Courts**"), and each party irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any such court (a "**Related Judgment**"), as to which such jurisdiction is non-exclusive) of such courts in any such suit, action or proceeding. Service of any process, summons, notice or document by mail to such party's address set forth above shall be effective service of process for any suit, action or other proceeding brought in any such court. The parties irrevocably and unconditionally waive any objection to the laying of venue of any suit, action or other proceeding in the Specified Courts and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such suit, action or other proceeding brought in any such court has been brought in an inconvenient forum. Each party not located in the United States consents to receive service of process or other legal summons for purposes of any such suit, action or proceeding that may be instituted in any state or federal court in the City and County of New York. With respect to any Related Proceeding, each party irrevocably waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, service of process, attachment (both before and after judgment) and execution to which it might otherwise be entitled in the Specified Courts, and with respect to any Related Judgment, each party waives any such immunity in the Specified Courts or any other court of competent jurisdiction, and will not raise or claim or cause to be pleaded any such immunity at or in respect of any such Related Proceeding or Related Judgment, including, without limitation, any immunity pursuant to the United States Foreign Sovereign Immunities Act of 1976, as amended.

SECTION 17. TIME. TIME SHALL BE OF THE ESSENCE OF THIS AGREEMENT. EXCEPT AS OTHERWISE SET FORTH HEREIN, SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 18. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same Agreement.

SECTION 19. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement among the Underwriters and the Company in accordance with its terms.

Very truly yours,

ASCENDIS PHARMA A/S

By _____
Title:

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

LEERINK PARTNERS LLC

By: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By _____
Authorized Signatory

By: LEERINK PARTNERS LLC

By _____
Authorized Signatory

For themselves and as Representatives of the other Underwriters named in Schedule A hereto.

SCHEDULE A

The initial public offering price per ADS for the Securities shall be \$[X].

The purchase price per ADS for the Securities to be paid by the several Underwriters shall be \$[X], being an amount equal to the initial public offering price set forth above less \$[X] per ADS, subject to adjustment in accordance with Section 2(b) for dividends or distributions declared by the Company and payable on the Initial Securities but not payable on the Option Securities.

Name of Underwriter	Number of Initial Securities
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Leerink Partners LLC	
Wells Fargo Securities, LLC	
Total	<u>[X]</u>

SCHEDULE B-1

Pricing Terms

1. The Company is selling [] American Depositary Shares (ADS) representing [] Ordinary Shares.
2. The Company has granted an option to the Underwriters, severally and not jointly, to purchase up to an additional [] American Depositary Shares (ADS) representing [] Ordinary Shares.
3. The initial public offering price per ADS for the Securities shall be \$[].

SCHEDULE B-2

Free Writing Prospectuses

[SPECIFY EACH ISSUER GENERAL USE FREE WRITING PROSPECTUS]

Form of Lock-Up Agreement

, 201

Merrill Lynch, Pierce, Fenner & Smith
Incorporated,
as Representative of the several
Underwriters to be named in the
within-mentioned Underwriting Agreement

One Bryant Park
New York, New York 10036

Re: Proposed Public Offering by ASCENDIS PHARMA A/S

Dear Sirs:

The undersigned, a shareholder, officer and/or director, as applicable, of ASCENDIS PHARMA A/S, a company organized under the law of the Denmark (the "Company"), understands that Merrill Lynch, Pierce, Fenner & Smith Incorporated ("**Merrill Lynch**") proposes to enter into an Underwriting Agreement (the "**Underwriting Agreement**") with the Company providing for the public offering (the "**Public Offering**") of shares of the Company's ordinary shares (the "**Ordinary Shares**"). In recognition of the benefit that such an offering will confer upon the undersigned as a shareholder, officer and/or director, as applicable, of the Company, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees with each underwriter to be named in the Underwriting Agreement that, during the period beginning on the date hereof and ending on the date that is 180 days from the date of the Underwriting Agreement (such 180-day period, the "**Lock-Up Period**") (subject to extensions as discussed below), the undersigned will not (except as provided in this lock-up agreement), without the prior written consent of Merrill Lynch, (i) directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any shares of the Company's Ordinary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares, whether now owned or hereafter acquired by the undersigned or with respect to which the undersigned has or hereafter acquires the power of disposition (collectively, the "**Lock-Up Securities**"), or exercise any right with respect to the registration of any of the Lock-up Securities, or file or cause to be filed any registration statement in connection therewith, under the Securities Act of 1933, as amended (the "**Act**"), or (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Lock-Up Securities, whether any such swap or transaction is to be settled by delivery of Ordinary Shares or other securities, in cash or otherwise.

Notwithstanding the foregoing, and subject to the conditions below, (A) the undersigned may transfer the Lock-Up Securities without the prior written consent of Merrill Lynch, *provided* that (1) Merrill Lynch receives a signed lock-up agreement for the balance of the Lock-Up Period from each donee, trustee, distributee, or transferee, as the case may be, where the transferee/donee agrees to be bound by the terms of this lock-up agreement (including, without limitation, the restrictions set forth in the preceding paragraph) to the same extent as the transferee/donee were a party hereto, (2) such transfers are not required to be reported with the Securities and Exchange Commission (the "**Commission**") on Form 4 in accordance with Section 16 of the Securities Exchange Act of 1934, as amended (the

“Exchange Act”), (3) the undersigned does not otherwise voluntarily effect any filing under the Act or the Exchange Act during the Lock-Up Period regarding such transfers, and (4) the undersigned notifies Merrill Lynch at least two business days prior to the proposed transfer or disposition:

- (i) as a *bona fide* gift or gifts, sale or other dispositions or distributions, in each case that are made exclusively between and among the undersigned or family members of the undersigned (for purposes of this lock-up agreement, “family member” shall mean the spouse of the undersigned, an immediate family member of the undersigned or an immediate family member of the undersigned’s spouse, in each case living in the undersigned’s household or whose principal residence is the undersigned’s household (regardless of whether such spouse or family member may at the time be living elsewhere due to educational activities, health care treatment, military service, temporary internship or employment or otherwise) or to the undersigned’s affiliates including, without limitation, its partners (if a partnership) or members (if a limited liability company) or to one or more legal entities controlled, directly or indirectly, by the undersigned;
- (ii) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned (for purposes of this lock-up agreement, “immediate family” shall have the meaning set forth in Rule 16a-1(e) of the Exchange Act);
- (iii) by will, other testamentary document or intestate succession to the legal representative, heir, beneficiary or a family member of the undersigned;
- (iv) transfers or dispositions that occur by operation of law, such as pursuant to a qualified domestic order or in connection with a divorce settlement; or
- (v) as a distribution to limited partners or shareholders of the undersigned; and

(B) the restrictions contained in this lock-up agreement shall not apply to (i) the conversion of preferred shares (including, without limitation, Preference B shares, Preference C shares and Preference D shares) into Ordinary Shares; *provided, however*, that such restrictions shall apply to the Ordinary Shares issued upon such conversion; (ii) the exercise of warrants (“Warrants”) or other instruments convertible or exercisable for Ordinary Shares (whether for cash, cashless, or net exercise) granted pursuant to the Company’s equity incentive plans or otherwise outstanding on the date hereof; *provided, however*, that the restrictions contained in this lock-up agreement shall apply to Ordinary Shares issued upon such exercise or conversion and that no filing under the Act or the Exchange Act shall be required or shall be voluntarily made during the Lock-Up Period in connection with such exercise; (iii) the establishment of (or amendment of) any contract, instruction or plan that satisfies the requirements of Rule 10b5-1 (a “Rule 10b5-1 Plan”) under the Exchange Act; *provided, however*, that no sales of Ordinary Shares or securities convertible into, or exchangeable or exercisable for, Ordinary Shares, shall be made pursuant to a Rule 10b5-1 Plan prior to the expiration of the Lock-Up Period; *provided further*, that the Company is not required to, and does not voluntarily, report the establishment of such Rule 10b5-1 Plan in any public report or filing with the Commission under the Exchange Act during the Lock-Up Period; (iv) any demands or requests for, the exercise of any right with respect to, or any action in preparation of, the registration by the Company under the Act of the undersigned’s Ordinary Shares; *provided, however*, that no transfer of the undersigned’s Ordinary Shares registered pursuant to the exercise of any such right and no registration statement shall be filed under the Act with respect to any of the undersigned’s Ordinary Shares during the Lock-Up Period and no public announcement of the demand or exercise of such rights shall be made during the Lock-Up Period; (v) transfers of Lock-Up Securities to the Company pursuant to agreements under which the Company has the option to repurchase such Lock-Up Securities or the Company has a right of first refusal with respect to transfers of such Lock-Up Securities; and (vi) transfers of Lock-Up Securities pursuant to a bona fide third-party tender offer, merger, consolidation or

other similar transaction made to all holders of Ordinary Shares involving a change of control of the Company; *provided, however*, that in the event that the tender offer, merger, consolidation or other such transaction is not completed, the Lock-Up Securities owned by the undersigned shall remain subject to the restrictions contained in this lock-up agreement. For purposes of this paragraph, “change of control” shall mean the consummation of any bona fide third party tender offer, merger, consolidation or other similar transaction the result of which is that any “person” (as defined in Section 13(d)(3) of the Exchange Act), or group of persons, other than the Company, becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 of the Exchange Act) of greater than 50% of the total voting power of the voting securities of the Company.

Furthermore, the undersigned may transfer or dispose of Ordinary Shares of the Company acquired in the Public Offering or purchased by the undersigned on the open market following the Public Offering if and only if (i) such sales are not required to be reported in any public report or filing with the Commission under the Act, the Exchange Act, or otherwise and (ii) the undersigned does not otherwise voluntarily effect any filing under the Act or the Exchange Act during the Lock-Up Period regarding such sales.

Notwithstanding the foregoing, with respect to the Warrants exercisable for [312,452] Ordinary Shares (subject to adjustment for stock splits and the like) which, as of November 30, 2014, shall expire pursuant to their terms on or around August 21, 2015 (the “August Warrants”), the undersigned may exercise August Warrants and sell the Ordinary Shares acquired upon such exercise in an aggregate amount of up to 30% of the Ordinary Shares subject to all August Warrants held by the undersigned as of November 30, 2014.

If the undersigned is an officer or director of the Company, (1) Merrill Lynch agrees that, at least three business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of the Ordinary Shares, Merrill Lynch will notify the Company of the impending release or waiver, and (2) and Merrill Lynch will announce the impending release or waiver through a major news service in the event that the Company fails to make such an announcement in accordance with its obligations under the Underwriting Agreement. Any release or waiver granted by Merrill Lynch hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (i) the release or waiver is effected solely to permit a transfer not for consideration and (ii) the transferee has agreed in writing to be bound by the same terms described in this letter that are applicable to the transferor, to the extent and for the duration that such terms remain in effect at the time of the transfer.

If any record or beneficial owner of any securities of the Company other than the undersigned that beneficially owns 5% or more of the outstanding Ordinary Shares of the Company as of the date of the Underwriting Agreement is granted an early release from the restrictions described herein during the Lock-Up Period with respect to any Ordinary Shares having a fair market value in excess of €1,000,000, then the undersigned shall also be granted an early release from its obligations hereunder on a pro rata basis with all other record or beneficial holders of similarly restricted securities of the Company based on the maximum percentage of shares held by any such record or beneficial holder being released from such holder’s lock-up agreement; *provided, however*, that such pro rata release shall not be applied in the case of (a) permission granted to any individual party by Merrill Lynch to sell or otherwise transfer or dispose of Ordinary Shares for value in an amount less than or equal to €1,000,000 in aggregate value of Ordinary Shares in respect of such party, or (b) an early release from the restrictions described herein during the Lock-Up Period in connection with an underwritten public offering, whether or not such offering or sale is wholly or partially a secondary offering of Ordinary Shares (an “**Underwritten Sale**”); *provided, however*, that the undersigned, to the extent the undersigned has a contractual right to demand or require the registration of the undersigned’s Ordinary Shares or otherwise “piggyback” on a registration

statement filed by the Company for the offer and sale of its Ordinary Shares, is offered the opportunity to participate on a basis consistent with such contractual rights in such Underwritten Sale. In the event that the undersigned is released from any of its obligations under this lock-up agreement or, by virtue of this lock-up agreement, becomes entitled to offer, pledge, sell, contract to sell, or otherwise dispose of any Ordinary Shares (or any securities convertible into Ordinary Shares) prior to the expiration date of the Lock-Up Period, Merrill Lynch shall use its commercially reasonable efforts to provide notification of such to the undersigned within three business days thereof; *provided, however*, that the failure to give such notice shall not give rise to any claim or liability against the Underwriters. For purposes of determining record or beneficial ownership of a shareholder, all Ordinary Shares held by investment funds affiliated with such shareholder shall be aggregated.

The undersigned also agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Lock-Up Securities except in compliance with the foregoing restrictions.

It is understood that, if (i) the Company notifies the Underwriters that it does not intend to proceed with the Public Offering, (ii) the registration statement filed with the Commission with respect to the Public Offering is withdrawn, (iii) the Underwriting Agreement does not become effective, or (iv) the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Securities, the undersigned will be released from its obligations under this lock-up agreement.

The undersigned understands that the Company and the Underwriters will proceed with the Public Offering in reliance on this lock-up agreement.

This lock-up agreement shall automatically terminate upon the earliest to occur, if any, of (1) the termination of the Underwriting Agreement before the sale or subscription of any Ordinary Shares to the Underwriters or (2) March 31, 2015, in the event that the Underwriting Agreement has not been executed by that date.

[Signature page follows]

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Lock-Up Letter Agreement and that, upon reasonable request, the undersigned will execute any additional documents necessary in connection with the enforcement hereof. Any obligations of the undersigned shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

Very truly yours,

Name of Security Holder *(Print exact name)*

By: _____
Signature

If not signing in an individual capacity:

Name of Authorized Signatory (Print)

Title of Authorized Signatory *(Print)*
*(indicate capacity of person signing if signing as
custodian, trustee, or on behalf of an entity)*

FORM OF PRESS RELEASE
TO BE ISSUED PURSUANT TO SECTION 3(j)

ASCENDIS PHARMA A/S
[Date]

ASCENDIS PHARMA A/S (the “Company”) announced today that BofA Merrill Lynch, the lead book-running manager in the Company’s recent public sale of [X] American Depositary Shares representing [X] ordinary shares, is [waiving] [releasing] a lock-up restriction with respect to [X] Company’s American Depositary Shares representing [X] ordinary shares held by [certain officers or directors] [an officer or director] of the Company. The [waiver] [release] will take effect on , 20 , and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

23 January 2015

Articles of Association

of

Ascendis Pharma A/S

(Registration no 29918791)

Name, Registered Office and Objects of the Company:

Article 1

The company's name is Ascendis Pharma A/S.

Article 2

The Company's registered office is situated in Gentofte Municipality.

Article 3

The object of the company is to develop ideas and preparations for the combating of disease medically, to manufacture and sell such preparations or ideas, to own shares of companies with the same objects and to perform activities in natural connection with these objects.

Company Capital and Shares

Article 4

The share capital of the Company is DKK 16,935,780 divided into shares of DKK 1 each and multiples thereof. The share capital is fully paid up and is divided into nominal DKK 1,293,700 A-shares, nominal DKK 1,099,932 B-shares, nominal DKK 8,408,316 C-shares and 6,133,382 D-shares.

The law firm of Mazanti-Andersen Korsø Jensen AdvokatPartnerselskab, Amaliegade 10, 1256 Copenhagen K shall keep and maintain the company's register of owners.

Article 4a

Previous authorisation, which expired on 4 December 2014 deleted by board decision of 14 January 2015.

Article 4b

On 10 September 2008 the Board of Directors resolved to exercise the authorisation under article 4a hereof to issue 155,970 (adjusted following bonus share issuance on 13 January 2015: 623,880) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 500 and maximum nominal DKK 155,970 (adjusted following bonus share issuance on 13 January 2015: DKK 623,880). The authorisation under article 4a hereof was therefore reduced accordingly. The terms and conditions of the issued warrants have been adopted as Exhibit 1 to the articles of association and shall form an integral part hereof. The exercise price has been determined to DKK 78.9962 (adjusted following bonus share issuance on 13 January 2015: DKK 19.7491) and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 78.9962 (adjusted following bonus share issuance on 13 January 2015: DKK 19.7491) (€10.5930 (adjusted following bonus share issuance on 13 January 2015: € 2.6483) calculated on the basis of the exchange rate in effect on 10 September 2008 being 1€=DKK 7.4574).

The warrants vest by 1/36 per month from 1 January 2008 with respect to 94,375 (adjusted following bonus share issuance on 13 January 2015: 377,500) warrants, by 1/36 per month from 1 February 2008 with respect to 1,500 (adjusted following bonus share issuance on 13 January 2015: 6,000) warrants, by 1/36 per month from 1 May 2008 with respect to 1,500 adjusted following bonus share issuance on 13 January 2015: 6,000) warrants, by 1/36 per month from 1 June 2008 with respect to 1,500 (adjusted following bonus share issuance on 13 January 2015: 6,000) warrants, by 1/36 per month from 16 May 2008 with respect to 1,500 (adjusted following bonus share issuance on 13 January 2015:

6,000) warrants, by 1/36 per month from 1 July 2008 with respect to 2,000 (adjusted following bonus share issuance on 13 January 2015: 8,000) warrants, by 1/36 per month from 1 September 2008 with respect to 500 (adjusted following bonus share issuance on 13 January 2015: 2,000) warrants, by 1/36 per month from 1 April 2008 with respect to 7,588 (adjusted following bonus share issuance on 13 January 2015: 30,352) warrants, by 1/36 per month from 14 April 2008 with respect to 34,144 (adjusted following bonus share issuance on 13 January 2015: 136,576) warrants and by 1/24 per month from 1 September 2008 with respect to 11,636 (adjusted following bonus share issuance on 13 January 2015: 46,544) warrants.

On 19 March 2009 the Board of Directors resolved to exercise the authorisation under article 4a hereof to issue 82,755 (adjusted following bonus share issuance on 13 January 2015: 331,020) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 500 and maximum nominal DKK 82,755 adjusted following bonus share issuance on 13 January 2015: adjusted following bonus share issuance on 13 January 2015: DKK 331,020). The authorisation under article 4a hereof was therefore reduced accordingly. The terms and conditions of the issued warrants have been adopted as Exhibit 1 to the articles of association and shall form an integral part hereof. The exercise price has been determined to DKK 78.9327 (adjusted following bonus share issuance on 13 January 2015: 19,7332) and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 78.9327 (adjusted following bonus share issuance on 13 January 2015: DKK 19,7332) (€10.5930 (adjusted following bonus share issuance on 13 January 2015: € 2,6483) calculated on the basis of the exchange rate in effect on 19 March 2009 being 1€=DKK 7.4514).

The warrants vest by 1/36 per month from 10 December 2009 with respect to 58,528 adjusted following bonus share issuance on 13 January 2015: 234,112) warrants, by 1/36 per month from 19 March 2009 with respect to 1,500 (adjusted following bonus share issuance on 13 January 2015: 6,000) warrants and by 1/24 per month from 19 March 2009 with respect to 22,727 (adjusted following bonus share issuance on 13 January 2015: 90,908) warrants.

On December 9, 2009 the Board of Directors resolved to exercise the authorization under article 4a hereof to issue 42,727 (adjusted following bonus share issuance on 13 January 2015: 170,908) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 500 and maximum nominal DKK 42,727 (adjusted following bonus share issuance on 13 January 2015: 170,908). The authorization under article 4a hereof was therefore reduced accordingly. The terms and conditions of the

issued warrants have been adopted as Exhibit 1 to the articles of association and shall form an integral part hereof. The exercise price has been determined to € 10.5930 (adjusted following bonus share issuance on 13 January 2015: 2.6483) and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 78.8289 (adjusted following bonus share issuance on 13 January 2015: DKK 19,7072) (€10.5930 (adjusted following bonus share issuance on 13 January 2015: € 2.6483) calculated on the basis of the exchange rate in effect on 9 December 2009 being 1€=DKK 7.4516). By board resolution dated 26 September 2014 it was resolved to annul 83 (adjusted following bonus share issuance on 13 January 2015: 332) of these warrants.

The warrants vest by 1/36 per month from September 16, 2009 with respect to 7,500 (adjusted following bonus share issuance on 13 January 2015: 30,000) warrants, with 1/36 per month from December 9, 2009 with respect to 23,863 (adjusted following bonus share issuance on 13 January 2015: 95,452) warrants and by 1/24 per month from December 9, 2009 with respect to 11,364 (adjusted following bonus share issuance on 13 January 2015: 45,456) warrants.

On December 13, 2011 the Board of Directors resolved to exercise the authorization under article 4a hereof to issue 14,500 (adjusted following bonus share issuance on 13 January 2015: 58,000) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 500 and maximum nominal DKK 14,500 (adjusted following bonus share issuance on 13 January 2015: 58,000). The authorization under article 4a hereof was therefore reduced accordingly. The terms and conditions of the issued warrants have been adopted as Exhibit 1 to the articles of association and shall form an integral part hereof. The exercise price has been determined to € 31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7.9962) and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 237.8574 (adjusted following bonus share issuance on 13 January 2015: DKK 59,4644) (€31.9847 (adjusted following bonus share issuance on 13 January 2015: 7,9962) calculated on the basis of the exchange rate in effect on 13 December 2011 being 1€=DKK 7.4366). By board resolution dated 26 September 2014 it was resolved to annul 458 (adjusted following bonus share issuance on 13 January 2015: 1,832) of these warrants.

The warrants vest by 1/36 per month from December 13, 2011.

On October 8, 2012 the Board of Directors resolved to exercise the authorization under article 4a hereof to issue 16,500 (adjusted following bonus share issuance on 13 January 2015: 66,000) warrants and resolved simultaneously, at one or more times, to increase the

share capital with minimum nominal DKK 500 and maximum nominal DKK 16,500 (adjusted following bonus share issuance on 13 January 2015: DKK 66,000). The authorization under article 4a hereof was therefore reduced accordingly. The terms and conditions of the issued warrants have been adopted as Exhibit 1 to the articles of association and shall form an integral part hereof. The exercise price has been determined to € 31.9847 (€ 7.9962) and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 238.5067 adjusted following bonus share issuance on 13 January 2015: DKK 59.6267) (€31.9847 adjusted following bonus share issuance on 13 January 2015: € 7.9962) calculated on the basis of the exchange rate in effect on 8 October 2012 being 1€=DKK 7.4569).

The warrants vest by 1/36 per month from October 8, 2012.

On December 3, 2012 the Board of Directors resolved to exercise the authorization under article 4a hereof to issue 172,651 (adjusted following bonus share issuance on 13 January 2015: 690,604) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 100 and maximum nominal DKK 172,651 (adjusted following bonus share issuance on 13 January 2015: DKK 690,604). The authorization under article 4a hereof was therefore reduced accordingly. The terms and conditions of the issued warrants have been adopted as Exhibit 2 to the articles of association and shall form an integral part hereof. The exercise price has been determined to € 31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7.9962) and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 238.6123 (adjusted following bonus share issuance on 13 January 2015: DKK 59.6531) (€31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7,9962) calculated on the basis of the exchange rate in effect on 3 December 2012 being 1€=DKK 7.4602).

The warrants vest by 1/48 per month from December 3, 2012 with respect to 166,297 (adjusted following bonus share issuance on 13 January 2015: 665,188) warrants and by 1/48 per month from October 1, 2012 with respect to 6,354 (adjusted following bonus share issuance on 13 January 2015: 25.416) warrants.

On March 19, 2013 the Board of Directors resolved to exercise the authorization under article 4a hereof to issue 7,100 (adjusted following bonus share issuance on 13 January 2015: 28,400) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 100 and maximum nominal DKK 7,100 (adjusted following bonus share issuance on 13 January 2015: 28,400). The authorization under article 4a hereof was therefore reduced accordingly. The terms and conditions of the

issued warrants have been adopted as Exhibit 2 to the articles of association and shall form an integral part hereof. The exercise price has been determined to € 31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7.9962) and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 238.6027 (adjusted following bonus share issuance on 13 January 2015: DKK 59.6507) (€31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7.9962) calculated on the basis of the exchange rate in effect on 19 March 2013 being 1€=DKK 7.4599).

The warrants vest by 1/48 per month from March 19, 2013.

On June 27, 2013 the Board of Directors resolved to exercise the authorization under article 4a hereof to issue 21,872 (adjusted following bonus share issuance on 13 January 2015: 87,488) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 100 and maximum nominal DKK 21,872 (adjusted following bonus share issuance on 13 January 2015: 87,488). The authorization under article 4a hereof was therefore reduced accordingly. The terms and conditions of the issued warrants have been adopted as Exhibit 2 to the articles of association and shall form an integral part hereof. The exercise price has been determined to € 31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7.9962) and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 238.5835 (adjusted following bonus share issuance on 13 January 2015: DKK 59.6459 (€31.9847 (adjusted following bonus share issuance on 13 January 2015: 7.9962) calculated on the basis of the exchange rate in effect on 27 June 2013 being 1€=DKK 7.4593).

The warrants vest by 1/48 per month from June 27, 2013.

On September 24, 2013 the Board of Directors resolved to exercise the authorization under article 4a hereof to issue 14,000 (adjusted following bonus share issuance on 13 January 2015: 56,000) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 100 and maximum nominal DKK 14,000 (adjusted following bonus share issuance on 13 January 2015: 56,000). The authorization under article 4a hereof was therefore reduced accordingly. The terms and conditions of the issued warrants have been adopted as Exhibit 2 to the articles of association and shall form an integral part hereof. The exercise price has been determined to € 31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7.9962) and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 238.5131 (adjusted following bonus share issuance on 13 January 2015: DKK

59.6283) (€31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7,9962) calculated on the basis of the exchange rate in effect on 24 September 2013 being 1€=DKK 7.4571). By board resolution dated 26 September 2014 it was resolved to annul 4,354 (adjusted following bonus share issuance on 13 January 2015: 17,416 of these warrants.

The warrants vest by 1/48 per month from September 24, 2013.

On December 5, 2013 the Board of Directors resolved to exercise the authorization under article 4a hereof to issue 3,000 adjusted following bonus share issuance on 13 January 2015: 12,000) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 100 and maximum nominal DKK 3,000 (adjusted following bonus share issuance on 13 January 2015: DKK 12,000). The authorization under article 4a hereof was therefore reduced accordingly. The terms and conditions of the issued warrants have been adopted as Exhibit 2 to the articles of association and shall form an integral part hereof. The exercise price has been determined to € 31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7.9962) and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 238.5931 (adjusted following bonus share issuance on 13 January 2015: DKK 59,6483) (€31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7,9962) calculated on the basis of the exchange rate in effect on 5 December 2013 being 1€=DKK 7.4596).

The warrants vest by 1/48 per month from December 5, 2013.

On January 16, 2014 the Board of Directors resolved to exercise the authorization under article 4a hereof to issue 33,148 (adjusted following bonus share issuance on 13 January 2015: 132,592) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 100 and maximum nominal DKK 33,148 (adjusted following bonus share issuance on 13 January 2015: DKK 132,592). The authorization under article 4a hereof was therefore reduced accordingly. The terms and conditions of the issued warrants have been adopted as Exhibit 2 to the articles of association and shall form an integral part hereof. The exercise price has been determined to € 31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7.9962) and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 238.6698 (adjusted following bonus share issuance on 13 January 2015: DKK 59.6675) (€31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7.9962) calculated on the basis of the exchange rate in effect on 16 January 2014 being 1€=DKK 7.4620).

The warrants vest by 1/48 per month from January 16, 2014.

On March 6, 2014 the Board of Directors resolved to exercise the authorization under article 4a hereof to issue 7,000 (adjusted following bonus share issuance on 13 January 2015: 28,000) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 100 and maximum nominal DKK 7,000 (adjusted following bonus share issuance on 13 January 2015: 28,888). The authorization under article 4a hereof was therefore reduced accordingly. The terms and conditions of the issued warrants have been adopted as Exhibit 2 to the articles of association and shall form an integral part hereof. The exercise price has been determined to € 31.9847 (adjusted following bonus share issuance on 13 January 2015: 7.9962) and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 238.6922 (adjusted following bonus share issuance on 13 January 2015: DKK 59.6731) (€31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7.9962) calculated on the basis of the exchange rate in effect on 6 March 2014 being 1€=DKK 7.4627).

The warrants vest by 1/48 per month from March 6, 2014.

On June 19, 2014 the Board of Directors resolved to exercise the authorization under article 4a hereof to issue 42,002 (adjusted following bonus share issuance on 13 January 2015: 168,008) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 100 and maximum nominal DKK 42,002 (adjusted following bonus share issuance on 13 January 2015: DKK 168,008). The authorization under article 4a hereof was therefore reduced accordingly. The terms and conditions of the issued warrants have been adopted as Exhibit 2 to the articles of association and shall form an integral part hereof. The exercise price has been determined to € 31.9847 and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 238.4907 (adjusted following bonus share issuance on 13 January 2015: DKK 59.6227) (€31.9847 (adjusted following bonus share issuance on 13 January 2015: € 7.9962) calculated on the basis of the exchange rate in effect on 19 June 2014 being 1€=DKK 7.4564).

The warrants vest by 1/48 per month from June 19, 2014.

Article 4c

On November 26, 2014 the general meeting resolved to issue 141,626 (adjusted following bonus share issuance on 13 January 2015: 566,504) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 100 and maximum nominal DKK 141,626 (adjusted following bonus share issuance on 13 January 2015: DKK 566,504). The terms and conditions of the issued warrants have been adopted as Exhibit 2 to the articles of association and shall form an integral part hereof. The exercise price has been determined to USD 32.45 (adjusted following bonus share issuance on 13 January 2015: USD 8.1125) converted into DKK by using the official exchange rate as per the date of the general meeting, and 1 warrant therefore confers the right to subscribe nominal DKK 1 A-share against cash contribution of DKK 193.5188 (adjusted following bonus share issuance on 13 January 2015: DKK 48.3797) (calculated on the basis of the DKK/USD exchange rate in effect on 26 November 2014 being 1 USD = DKK 5.9636).

The warrants vest by 1/48 per month from November 26, 2014.

Article 4d

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Article 4e

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Article 4f

The board of directors is until 31 May 2015 authorized at one or more times to increase the Company's share capital with up to nominal DKK 12,000,000 without pre-emptive subscription rights for the Company's shareholders in connection with the offering of shares related to a listing of American Depositary Shares representing the Company's ordinary shares on The NASDAQ Stock Market. Capital increases according to this authorization shall be carried out by the board of directors by way of cash contributions. The board of directors is authorized to make the required amendments to the articles of association if the authorization to increase the share capital is used. The board of directors is authorized to cause such shares to be deposited with a depository bank and the simultaneous issuance of American Depositary Shares.

For shares issued pursuant to Section 4(f) of the articles of association, the following shall apply: The new shares shall be non-negotiable instruments issued in the name of the holder and registered in the name of the holder in the company's register of shareholders. The new shares shall not have any restrictions as to their transferability and no shareholder shall be obliged to have the shares redeemed fully or partly. The shares shall be with the same rights as the existing ordinary shares. The new shares shall give rights to dividends and other rights in the Company from the time which is determined by the board of directors in connection with the decision to increase the share capital.

Article 5

The company's shares shall be issued in name and recorded in the company's register of owners.

The company's shares are non-negotiable instruments.

No shareholder shall be obligated to have his shares redeemed in whole or in part by the company or others.

Unless requested by any shareholder, no share certificates shall be issued.

For the shares the following shall additionally apply:

In the event of a sale, liquidation, bankruptcy or other dissolution of the Company or in the event of distribution of dividends or any other distribution from the Company to the Shareholders, the proceeds shall be distributed in the following order, until the proceeds are exhausted:

- First, the holders of Preference C Shares subscribed at a subscription price of Euro 31.98 per share ("Preference C2 Shares") and the Preference D Shares will be entitled to receive an amount per Preference C2 Share and Preference D Share, corresponding to the subscription price paid per Preference C2 Share or Preference D Shares as adjusted for dividend payments (including any declared but unpaid dividends), share splits, recapitalisations and similar events;
- Second, the holders of Preference C Shares subscribed at a subscription price of Euro 10.593 per share ("Preference C1 Shares") will be entitled to receive an amount per Preference C1 Share corresponding to the subscription price paid per Preference C1 Share as adjusted for dividend payments (including any declared but unpaid dividends), share splits, recapitalisations and similar events;
- Third, the holders of the Preference B Shares will be entitled to receive an amount per Preference B Share corresponding to the subscription price paid Preference B Share as adjusted for dividend payments (including any declared but unpaid dividends), share splits, recapitalisations and similar events;
- Fourth, the holders of the Ordinary A Shares will be entitled to receive an aggregate amount of up to Euro 400,000 with addition of any payments made by the warrant holders in connection with exercise of warrants. This amount shall be paid to the holders of Ordinary A Shares on a pro rata basis; and
- Then the balance, if any, will be distributed among all shareholders on a pro rata basis.

Any (i) merger or acquisition resulting in a Change of Control of the Company, or (ii) sale of all or substantially all of the Company's assets, or (iii) reorganisation or other transaction in which there is a Change of Control of the Company, shall be treated as a liquidation for purposes of the liquidation preference. This does not include any prospective financing round. Change of Control shall mean any transaction or series of transactions in which the direct or indirect ownership of Shares in the Company carrying in excess of 50% of the voting rights (on an as-converted basis) is, after such transactions, effectively transferred to any third party.

Article 6

Transfer of shares shall be recorded in the company's register of owners only when written documentation of the transfer has been presented to the Board of Directors. Any sale, transfer, assignment or pledge of shares requires the prior written consent of the Board of Directors.

Article 7

The shares can be cancelled out of court in conformity with the legislation applying to non-negotiable securities, in force at any time.

General Meetings

Article 8

General meetings of the company shall be held in Greater Copenhagen. Ordinary general meetings shall be held in due time for the audited and adopted annual report to be filed with the Danish Commerce and Companies Agency before expiry of the limit stated under the Danish Company Accounts Act.

General meetings shall be convened with 2 weeks' notice at the least and 4 weeks' notice at the most by letter, fax or by email. The convening letter shall include the agenda and shall be sent to the shareholders at the address/email address recorded in the register of owners.

A chairman appointed by the Board of Directors shall preside over the general meetings. The chairman shall decide all matters regarding the legitimacy of the general meeting, the negotiations and the voting.

Article 9

The agenda of the ordinary general meeting shall include:

1. The Board of Directors' report on the company's activities during the past year
2. Presentation of annual report with auditor's report for adoption
3. Resolution on application of profits or covering of losses as per the adopted annual report
4. Election of board members
5. Election of auditor
6. Any motions from the Board of Directors or shareholders
7. Miscellaneous

Motions from shareholders to be considered at the ordinary general meeting shall be filed in writing with the company not later than 6 weeks before the ordinary general meeting is being held, unless the Board of Directors decides, that motions received later are filed with the company in due time allowing the company to include the motion at the agenda for the ordinary general meeting.

Article 10

At general meetings, each share of DKK 1 shall carry one vote.

The matters discussed at general meetings shall be adopted by a simple majority of votes unless the law or the company's Articles otherwise provide.

In case of equality of votes the motion shall be deemed annulled.

The following resolutions shall in addition to legislative requirements, and irrespective of whether such resolutions may lawfully otherwise be passed by management, the Board of Directors or the shareholders acting in general meeting, require the consent of 65% of the votes attached to the Preference C Shares and 65% of the votes attached to the Preference D Shares:

- changes to the Articles of Association of the Company, including but not limited to, capital increases, capital decreases, issuance of convertible loans, warrants and other similar instruments, mergers and demergers;
- any sale, transfer, pledging, licensing and/or lease of the Company's intellectual property rights, including without limitation any of the Company's patents;
- liquidation, dissolution or restructuring of the Company; and
- payment of dividends.

Board of Directors:

Article 11

The company shall be governed by the Board of Directors, consisting of no less than 9 and no more than 10 board members, elected by the shareholders in general meeting. The Board of Directors is elected for one year at a time.

A number of alternate board members corresponding to the number of board members may be elected. Alternate board members shall also be elected for one year at a time.

Any board member shall retire from the Board at the ordinary general meeting following immediately after his attaining the age of 70.

The Board of Directors shall elect their chairman from their own number.

The Board of Directors shall adopt its own Rules of Procedure and ensure that the company conducts its activities in conformity with the Articles of Association and the legislation in force at any time.

The Chairman shall convene board meetings whenever he finds it necessary, or when any board member or member of management so requests.

Management:

Article 12

The Board of Directors shall employ a management consisting of 1-5 members to attend to the day-to-day management of the company, and the Board shall determine the terms and conditions of the employment. The management shall perform their duties in accordance with the guidelines and directions issued by the Board of Directors.

Binding powers:

Article 13

The company shall be bound by the Chairman of the Board of Directors and one member of management jointly or by 3 (three) members of the Board of Directors.

The Board of Directors may issue individual or joint powers of procurement.

Audit:

Article 14

One state-authorised public accountant, elected by the general meeting for one year at a time, shall audit the Company's annual reports.

Accounting Year/Annual Report:

Article 15

The company's accounting year shall be the calendar year.

The company's annual report shall present a true and fair view of the company's assets and liabilities, its financial position and results.

The company's annual report and interim reports are presented in English language.

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Appendix 1 to the Articles of Association of Ascendis Pharma A/S

Pursuant to authorisation in the articles of association for Ascendis Pharma A/S, the Board of Directors has resolved that the following terms and conditions shall apply to warrants which are granted to employees, consultants, advisors and board members according to the authorisation:

1. General

- 1.1** Ascendis Pharma A/S (hereinafter “Ascendis Pharma”) has decided to introduce an incentive scheme for employees, consultants, advisors and board members in Ascendis Pharma and its subsidiaries (hereinafter collectively referred to as “Warrantholders”). The scheme is based on issuance of options, also called warrants (hereinafter only referred to as “warrants”), which are not subject to payment. Where below in clause 3.3 – 3.6 and clause 4.5 – 4.6 terms for vesting etc. are described as being dependant upon employment/affiliation with Ascendis Pharma, this shall be understood as a reference to the relevant subsidiary by which the Warrantholders is employed/affiliated.
- 1.2** A warrant is a right, but not an obligation, during fixed periods (exercise periods) to subscribe for new ordinary A-shares in Ascendis Pharma at a price fixed in advance (the exercise price). The exercise price, which shall correspond to the market price at the date of issuance, shall be determined by the board of directors. Each warrant carries the right to subscribe for nominal DKK 1 ordinary A-share in Ascendis Pharma at the subscription price determined by the board of directors at the date of issuance.
- 1.3** Warrants will be offered to employees, consultants, advisors and board members in Ascendis Pharma and in its subsidiaries at the discretion of the Board of Directors after suggestion from the management of Ascendis Pharma A/S. The number of warrants offered to each individual shall be based on an individual evaluation of the Warrantholder’s duties. It shall appear from the individual Warrantholder’s warrant certificate how many warrants have been granted to the Warrantholder and what the exercise price for the warrant is.

2. Granting/subscription of warrants

- 2.1 Warranholders who wish to subscribe the offered warrants shall sign a Warrant Certificate with this Appendix 1 attached and, to the extent required by the Board of Directors, a Shareholders Agreement regulating the relationship between the Warranholders and Ascendis Pharma's other shareholders.
- 2.2 The granting of warrants shall not be subject to payment from the Warranholders.
- 2.3 Ascendis Pharma shall keep records of granted warrants and update the records at suitable intervals.

3. Vesting

- 3.1 The warrants shall be vested with 1/36 per month from the date of grant of the warrants covered by this Appendix 1. Warrants granted to members of the board of directors and to members of Ascendis Pharma's committees shall however vest with 1/24 per month from the date of grant of the warrants covered by this Appendix 1. The board may have determined a different vesting period in its decision to issue warrants.
- 3.2 If the stipulated fraction does not amount to a whole number of warrants, the number shall be rounded down to the nearest whole number.
- 3.3 Warrants shall only be vested to the extent the Warranholder is employed by Ascendis Pharma, cf. however clause 3.4 to 3.6 below.
- 3.4 In the event that the Warranholder terminates the employment contract and the termination is not a result of breach of the employment terms by Ascendis Pharma, and in the event that Ascendis Pharma terminates the employment contract and the Warranholder has given Ascendis Pharma good reason to do so, then the vesting of warrants shall cease from the time the employment is terminated, meaning from the first day when the Warranholder is no longer entitled to salary from Ascendis Pharma, notwithstanding that the Warranholder has actually ceased to perform his/her duties at an earlier date. In addition hereto the Warranholder's right, if any, to receive warrants granted after termination of the employment shall cease.

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- 3.5** In the event that the Warrantholder terminates the employment contract and the termination is a result of breach of the employment terms by Ascendis Pharma, or in the event that Ascendis Pharma terminates the employment contract and the Warrantholder having not given Ascendis Pharma good reason to do so, then warrants shall continue to vest as if the Warrantholder was still employed by Ascendis Pharma.
- 3.6** Should the Warrantholder materially breach the terms of the employment, the vesting of warrants shall cease from the date when the Warrantholder is dismissed due to the material breach.
- 3.7** Warrants issued to consultants, advisors and board members only vest to the extent that the consultant, advisor or board member acts on behalf of Ascendis Pharma as a consultant, advisor or board member.
- 3.8** If the Warrantholder takes leave – other than maternity leave – and the leave exceeds 60 days, the dates when the warrants shall be vested shall be postponed by a period corresponding to the duration of the leave.

4. Exercise

- 4.1** When a warrant has been vested, it may be exercised during the exercise periods. From 2010, there is two exercise periods of 2 times 3 weeks each year commencing on 1 January respectively 1 August and ending on 21 January respectively 21 August as follows:

1 – 21 January or 1 - 21 August 2010

1 – 21 January or 1 - 21 August 2011

1 -21 January or 1 – 21 August 2012

1 – 21 January or 1 – 21 August 2013

1 – 21 January or 1 – 21 August 2014

1 – 21 January or 1 – 21 August 2015

For all warrants issued, however, the exercise period of 1 – 21 January 2015 has lapsed and been replaced by an exercise period which commences upon Ascendis Pharma's announcement of its financial interim report for the first quarter of 2015 and expiring 21 days thereafter. In the event that Ascendis Pharma is not obligated to and does in fact not announce a financial interim report for the first quarter of 2015 the replacement exercise period shall lapse.

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- 4.2 If the last day of an exercise period is Saturday or Sunday, the exercise period shall also include the first weekday following the stipulated period.
- 4.3 When warrants have been vested, the Warrantholder shall be free to choose, which exercise period to apply for the vested warrants, cf. however, clause 4.5 below regarding material breach. It is, however, a condition for exercise that the Warrantholder in a given exercise period exercises warrants, which give a right to subscribe minimum nominal DKK 500 shares.
- 4.4 Warrants not exercised by the Warrantholder during the last exercise period, 1 – 21 August 2015, shall become null and void without further notice or compensation or payment of any kind to the Warrantholder.
- 4.5 The Warrantholder's exercise of warrants is in principle conditional upon the Warrantholder being employed in Ascendis Pharma at the time when warrants are exercised. In case of termination of the employment the following shall apply:
- a. In the event that Ascendis Pharma terminates the employment contract and the Warrantholder having given Ascendis Pharma good reason to do so, the Warrantholder is only entitled to exercise the warrants vested at the time of termination. Exercise shall take place during the first coming exercise period after termination of the employment, however the Warrantholder shall always have minimum 3 months from the date of termination to decide if warrants shall be exercised. To the extent that the first coming exercise period commences within 3 months from the date of actual termination the Warrantholder shall be entitled to exercise the warrants in the exercise period following the first coming exercise period. All vested warrants not exercised by the Warrantholder according to this clause shall become null and void without further notice or compensation or payment of any kind.
 - b. In the event that the Warrantholder terminate the employment, or in the event that Ascendis Pharma terminates the employment contract and the Warrantholder have not given Ascendis Pharma good reason to do so, the Warrantholder is entitled to exercise the warrants as if the Warrantholder were still employed with Ascendis Pharma. Exercise shall take place in accordance with the general terms and conditions regarding exercise of warrants stipulated in clause 4.1 – 4.5. This provision shall apply if the employment contract is terminated due to retirement.

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- c. If the employment is terminated as a consequence of summary dismissal of the Warrantholder on grounds of material breach, all warrants not exercised at that time shall become null and void without notice or compensation. If the material breach is committed prior to the dismissal, the vesting and the right to exercise warrants shall be deemed to have ceased at the time of the material breach. The Warrantholder shall in this case, after demand from Ascendis Pharma, be obligated to sell to Ascendis Pharma shares which have been subscribed through exercise of warrants, after the date of the material breach. The shares shall be sold at a price corresponding to the subscription price paid by the Warrantholder.
- d. If the employment is terminated due to the death of the Warrantholder, all warrants not exercised by the Warrantholder shall become null and void. However, the Ascendis Pharma Board of Directors may grant an exemption from this provision to enable the estate of the Warrantholder to exercise the issued warrants whether they have been vested at the time of the death or not on the condition that exercise be effected during the first exercise period commencing after the death.
- 4.6** If the Warrantholder is a consultant, advisor or board member, the exercise of warrants is in principle conditional upon the Warrantholder being connected to Ascendis Pharma in this capacity at the time when warrants are exercised. In case that the consultant's, advisor's or board member's relationship with Ascendis Pharma should cease without this being attributable to the Warrantholder's actions or omissions, the Warrantholder shall be entitled to exercise vested warrants in the exercise periods set forth in clause 4.1 above.
- 4.7** Ascendis Pharma's board of directors is in the event of a listing of the company's shares on a stock exchange entitled at its discretion to change the exercise periods in order to coordinate these with applicable rules for insider trading. Unless the Board of Directors resolves otherwise, the exercise periods shall in the event of a listing be changed to two 21 day periods after respectively the annual report notification and the interim report (six months).
- 5. Adjustment of warrants**
- 5.1** Changes in Ascendis Pharma's capital structure causing a change of the potential possibility of gain attached to a warrant shall require an adjustment of the warrants.

5.2 Adjustments shall be made so that the potential possibility of gain attached to a warrant, in so far as possible, shall remain the same before and after the occurrence of an incident causing the adjustment. The adjustment shall be carried out with the assistance of Ascendis Pharma's external advisor. The adjustment may be effected either by increase or reduction of the number of shares that can be issued following exercise of a warrant and/or an increase or reduction of the exercise price.

5.3 Warrants shall not be adjusted as a result of Ascendis Pharma's issue of employee shares, share options and/or warrants as part of employee share option schemes (including options to Directors, advisors and consultants) as well as future exercise of such options and/or warrants. Warrants shall, furthermore, not be adjusted as a result of capital increases following the Warrantheolders' and others' exercise of warrants in Ascendis Pharma.

5.4 Bonus shares

If it is decided to issue bonus shares in Ascendis Pharma, warrants shall be adjusted as follows:

The exercise price for each warrant not yet exercised shall be multiplied by the factor:

$$\alpha = \frac{A}{(A+B)}$$

and the number of warrants not yet exercised shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

where:

A = the nominal share capital before issue of bonus shares, and

B = the total nominal value of bonus shares.

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

5.5 Changes of capital at a price different from the market price:

If it is decided to increase or reduce the share capital in Ascendis Pharma at a price below the market price (in relation to capital decreases also above the market price), warrants shall be adjusted as follows:

The exercise price for each non-exercised warrant shall be multiplied by the factor:

$$\alpha = \frac{(A \times K) + (B \times T)}{(A+B) \times K}$$

and the number of non-exercised warrants shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

where:

A = nominal share capital before the change in capital

B = nominal change in the share capital

K = market price / closing price of the share on the day prior to the announcement of the change in the share capital, and

T = subscription price/reduction price in relation to the change in the share capital

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

5.6 Changes in the nominal value of each individual share:

If it is decided to change the nominal value of the shares, warrants shall be adjusted as follows:

The exercise price for each non-exercised warrant shall be multiplied by the factor:

$$\alpha = \frac{A}{B}$$

and the number of non-exercised warrants shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

where:

A = nominal value of each share after the change, and

B = nominal value of each share before the change

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

5.7 Payment of dividend:

If it is decided to pay dividends, the part of the dividends exceeding 10 per cent of the equity capital shall lead to adjustment of the exercise price according to the following formula:

$$E2 = E1 - \frac{U - U_{max}}{A}$$

where:

E2 = the adjusted exercise price

E1 = the original exercise price

U = dividends paid out

Umax = 10 per cent of the equity capital, and

A = total number of shares in Ascendis Pharma

If the adjusted exercise price does not amount to a whole number, it shall be rounded down to the nearest whole number.

The equity capital that shall form the basis of the adjustment above is the equity capital stipulated in the Annual Report to be adopted at the General Meeting where dividends shall be approved before allocation hereof has been made in the Annual Report.

5.8 Other changes in Ascendis Pharma's capital position:

In the event of other changes in Ascendis Pharma's capital position causing changes to the financial value of warrants, warrants shall (save as provided above) be adjusted in order to ensure that the changes do not influence the financial value of the warrants.

The calculation method to be applied to the adjustment shall be decided by an external advisor appointed by the Board of Directors.

It is emphasized that increase or reduction of Ascendis Pharma's share capital at market price does not lead to an adjustment of the subscription price or the number of shares to be subscribed.

5.9 Winding-up:

Should Ascendis Pharma be liquidated, the vesting time for all non-exercised warrants shall be changed so that the Warrantholder may exercise his/her warrants in an extraordinary exercise period immediately preceding the relevant transaction.

5.10 Merger and split:

If Ascendis Pharma merges as the continuing company, warrants shall remain unaffected unless, in connection with the merger, the capital is increased at a price other than the market price and in that case warrants shall be adjusted in accordance with clause 5.5.

If Ascendis Pharma merges as the terminating company or is split, the continuing company may choose one of the following possibilities:

- The Warrantholder may exercise all non-exercised warrants (inclusive of warrants not yet vested) immediately before the merger/split, or
- New share instruments in the continuing company/companies of a corresponding financial pre-tax value shall replace the warrants. On split the continuing companies may decide in which company/companies the Warranholders shall receive the new share instruments.

5.11 Sale and exchange of shares:

If more than 50 per cent of the share capital in Ascendis Pharma is sold or is part of a share swap, Ascendis Pharma may choose one of the following possibilities:

The Warrantholder may exercise all non-exercised warrants that are not declared null and void (inclusive of warrants not yet vested) immediately before the sale/swap of shares. Furthermore, the Warrantholder shall undertake an obligation to sell the subscribed shares on the same conditions as the other shareholders (when selling).

Share instruments in the acquiring company of a corresponding pre-tax value shall replace the issued warrants.

5.12 Common provisions regarding 5.9-5.11:

If one of the transactions mentioned above is made, Ascendis Pharma shall inform the Warrantholder hereof by written notice. Upon receipt of the written notice, the Warrantholder shall have 2 weeks – in cases where the Warrantholder may extraordinarily exercise warrants, see 5.9-5.11 – to inform Ascendis Pharma in writing whether he/she will make use of the offer. If the Warrantholder has not answered Ascendis Pharma in writing within the limit of 2 weeks or fails to pay within the fixed time, warrants shall become null and void without further notice or compensation.

The Warrantholder's rights in connection with decisions made by any competent company body, see 5.9-5.11, shall be contingent on subsequent registration of the relevant decision with the Danish Commerce and Companies Agency provided that registration is a condition of its validity.

6. Stock Exchange listing

6.1 In the event that Ascendis Pharma's shares are listed on the stock exchange, the Warrantholder shall accept such changes to the warrants that are necessary for Ascendis Pharma's, the shareholders' and the Warrantholders' fulfilment of their obligations, especially the duties of disclosure, to the stock exchange. Additionally the Warrantholders shall be obligated to accept such lock-up periods regarding exercise of warrants or a sale of shares which is recommended to Ascendis Pharma by the investment banks. Finally the Warrantholders shall be obligated to accept changes to the exercise periods, cf. in this respect above.

7. Transfer, pledge and enforcement

7.1 Issued warrants shall not be subject to charging orders, transfer of any kind, including in connection with division of property on divorce or legal separation, for ownership or as security without the consent of the Board of Directors. The Warrantholder's warrants may, however, be transferred to the Warrantholder's spouse/cohabitant and/or issue in the event of the Warrantholder's death. It is a condition precedent that the recipient signs the at any time applicable shareholders' agreement.

8. Subscription for new shares by exercise of warrants

8.1 Subscription for new shares by exercise of issued warrants must be made through submission by the Warrantholder no later than the last day of the relevant exercise period at 16:00 to Ascendis Pharma of an exercise notice drafted by Ascendis Pharma. The exercise notice shall be filled in with all information. The company must have received the exercise price for the new shares, payable as a cash contribution, by the last day of the relevant exercise period.

8.2 If the limitation period set forth in clause 8.1 expires as a result of Ascendis Pharma not having received the filled-in exercise notice or the payment by 16:00 of the last day of the exercise period, the subscription shall be deemed invalid, and in this situation the Warrantholder shall not be considered as having exercised his/her warrants for a possible subsequent exercise period.

8.3 Warrants not exercised by the Warrantholder during the last exercise period, i.e. where exercise notice and/or payment has not been effected by 21 August 2015, shall become null and void without notice or compensation.

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- 8.4** When the capital increase caused by exercise of warrants has been registered with the Danish Commerce and Companies Agency, the Warrantholder shall receive proof of his shareholding in Ascendis Pharma.
- 9.** The rights of new ordinary A-shares
- 9.1** New shares subscribed for by exercise of issued warrants shall in every respect have the same rights as the present A-shares in Ascendis Pharma in accordance with the Articles of Association for Ascendis Pharma in force from time to time. For the time being, the following shall apply:
- That Ascendis Pharma's shareholders shall hold no pre-emptive rights to subscribe for warrants;
 - That Ascendis Pharma's shareholders shall hold no pre-emptive rights to subscribe for new shares issued on the basis of warrants;
 - That the face value of each share shall be DKK 1 or multiples hereof;
 - That the shares shall be non-negotiable instruments issued in the name of the holder and the holders' names shall be entered into the Ascendis Pharma's register of owners;
 - That new A-shares issued as a result of exercise of warrants shall carry the right to dividend and other rights in Ascendis Pharma from the time of registration of the capital increase with the Danish Commerce and Companies Agency; however, the B-shares and C-shares have certain preference rights.
- 9.2** Ascendis Pharma shall pay all costs connected with granting of warrants and later exercise thereof. Ascendis Pharma's costs in connection with issue of warrants and the related capital increase are estimated to DKK 50,000.
- 10.** Sale of shares
- 10.1** When the Warrantholders have been registered as shareholders in Ascendis Pharma, the Warrantholders' shares may be sold in accordance with the provisions of the Shareholders' Agreement established between the Warrantholders and Ascendis Pharma's other shareholders.

11. Other provisions

- 11.1** The value attached to the subscription right shall not be included in the Warranholder's salary, and any agreement made between the Warranholder and Ascendis Pharma regarding pension or the like shall therefore not include the value of the Warranholder's warrants.
- 11.2** If a relevant authority should establish that the issuance and/or exercise of warrants shall be considered a salary allowance with the consequence that Ascendis Pharma shall pay holiday allowance or the like to the Warranholder on the basis of the value of warrants, the subscription price shall be increased in order to compensate Ascendis Pharma for the amounts that have been paid to the Warranholder in the form of holiday allowance or the like.
- 11.3** The fact that Ascendis Pharma offers warrants to Warranholders shall not in any way obligate Ascendis Pharma to maintain the employment.

12. Tax implications

- 12.1** The tax implications connected to the Warranholder's subscription for or exercise of warrants shall be of no concern to Ascendis Pharma.

13. Governing Law and Venue

- 13.1** Acceptance of warrants, the terms and conditions thereto and the exercise, and terms and conditions for future subscription for shares in Ascendis Pharma shall be governed by Danish law.
- 13.2** Any disagreement between the Warranholder and Ascendis Pharma in relation to the understanding or implementation of the warrant scheme shall be settled amicably by negotiation between the parties.
- If the parties fail to reach consensus, any disputes shall be settled in accordance with "Rules for hearing of cases in the Copenhagen Arbitration". The Copenhagen Arbitration shall appoint one arbitrator who shall settle the dispute according to Danish law.
- 13.3** In the event of discrepancies between the English and the Danish text the Danish text shall prevail.

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Appendix 2 to the Articles of Association of Ascendis Pharma A/S

Pursuant to authorisation in the articles of association for Ascendis Pharma A/S, the Board of Directors has resolved that the following terms and conditions shall apply to warrants which are granted to employees, consultants, advisors and board members according to the authorisation:

1. General

- 1.1** Ascendis Pharma A/S (hereinafter “Ascendis Pharma”) has decided to introduce an incentive scheme for employees, consultants, advisors and board members in Ascendis Pharma and its subsidiaries (hereinafter collectively referred to as “Warranholders”). The scheme is based on issuance of options, also called warrants (hereinafter only referred to as “warrants”), which are not subject to payment. Where below in clause 3.4 – 3.7 and clause 4.5 - 4.6 terms for vesting etc. are described as being dependant upon employment/affiliation with Ascendis Pharma, this shall be understood as a reference to the relevant subsidiary by which the Warranholders is employed/affiliated.
- 1.2** A warrant is a right, but not an obligation, during fixed periods (exercise periods) to subscribe for new ordinary A-shares in Ascendis Pharma at a price fixed in advance (the exercise price). The exercise price, which shall correspond to the market price at the date of issuance, shall be determined by the board of directors. Each warrant carries the right to subscribe for nominal DKK 1 ordinary A-share in Ascendis Pharma at the subscription price determined by the board of directors at the date of issuance.

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- 1.3** Warrants will be offered to employees, consultants, advisors and board members in Ascendis Pharma and in its subsidiaries at the discretion of the Board of Directors after suggestion from the management of Ascendis Pharma A/S. The number of warrants offered to each individual shall be based on an individual evaluation of the Warrantholder's duties. It shall appear from the individual Warrantholder's warrant certificate how many warrants have been granted to the Warrantholder and what the exercise price for the warrant is.
- 2. Granting/subscription of warrants**
- 2.1** Warrantholders who wish to subscribe the offered warrants shall sign a Warrant Certificate with this Appendix 21 attached and, to the extent required by the Board of Directors, a Shareholders Agreement regulating the relationship between the Warrantholders and Ascendis Pharma's other shareholders.
- 2.2** The granting of warrants shall not be subject to payment from the Warrantholders.
- 2.3** Ascendis Pharma shall keep records of granted warrants and update the records at suitable intervals.
- 3. Vesting**
- 3.1** The warrants shall be vested with 1/48 per month from the date of grant of the warrants covered by this Appendix 2. The board may have determined a different vesting period in its decision to issue warrants.
- 3.2** If Ascendis Pharma before 1/1 2014 merges as the terminating company or is split, cf. clause 5.10 or if more than 50 per cent of the share capital in Ascendis Pharma no later than 1/1 2014 is sold or is part of a share swap, cf. clause 5.11 (defined as an "Exit-event"), then 50% of the warrants not already vested on the time of the Exit-event shall vest at the time of the Exit-event.
- If the Exit-event occurs on or after 1/1 2014, then all warrants not vested at the time of the Exit-event shall be deemed 100% for vested at the time of the Exit-event.

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- 3.3** If the stipulated fraction does not amount to a whole number of warrants, the number shall be rounded down to the nearest whole number.
- 3.4** Warrants shall only be vested to the extent the Warrantholder is employed by Ascendis Pharma, cf. however clause 3.5 to 3.7 below.
- 3.5** In the event that the Warrantholder terminates the employment contract and the termination is not a result of breach of the employment terms by Ascendis Pharma, and in the event that Ascendis Pharma terminates the employment contract and the Warrantholder has given Ascendis Pharma good reason to do so, then the vesting of warrants shall cease from the time the employment is terminated, meaning from the first day when the Warrantholder is no longer entitled to salary from Ascendis Pharma, notwithstanding that the Warrantholder has actually ceased to perform his/her duties at an earlier date. In addition hereto the Warrantholder's right, if any, to receive warrants granted after termination of the employment shall cease.
- 3.6** In the event that the Warrantholder terminates the employment contract and the termination is a result of breach of the employment terms by Ascendis Pharma, or in the event that Ascendis Pharma terminates the employment contract and the Warrantholder having not given Ascendis Pharma good reason to do so, then warrants shall continue to vest as if the Warrantholder was still employed by Ascendis Pharma.
- 3.7** Should the Warrantholder materially breach the terms of the employment, the vesting of warrants shall cease from the date when the Warrantholder is dismissed due to the material breach.
- 3.8** Warrants issued to consultants, advisors and board members only vest to the extent that the consultant, advisor or board member acts on behalf of Ascendis Pharma as a consultant, advisor or board member.
- 3.9** If the Warrantholder takes leave – other than maternity leave – and the leave exceeds 60 days, the dates when the warrants shall be vested shall be postponed by a period corresponding to the duration of the leave.

4. Exercise

4.1 When a warrant has been vested, it may be exercised during the exercise periods. From 2013, there is two exercise periods of 2 times 3 weeks each year commencing on 1 January respectively 1 August and ending on 21 January respectively 21 August as follows:

1 – 21 January or 1 - 21 August 2013

1 – 21 January or 1 - 21 August 2014

1 – 21 January or 1 – 21 August 2015

1 – 21 January or 1 – 21 August 2016

1 – 21 January or 1 – 21 August 2017

1 – 21 January or 1 – 21 August 2018

1 – 21 January or 1 – 21 August 2019

1 – 21 January or 1 – 21 August 2020

1 – 21 January or 1 – 21 August 2021

1 – 21 January or 1 – 21 August 2022

1 – 21 January or 1 – 21 August 2023

However, for warrants issued on 26 November 2014, the following exercise periods shall apply:

1 – 21 January, 1 – 21 April, 1 - 21 August or 1 – 21 October 2015

1 – 21 January, 1 – 21 April, 1 - 21 August or 1 – 21 October 2016

1 – 21 January, 1 – 21 April, 1 - 21 August or 1 – 21 October 2017

1 – 21 January, 1 – 21 April, 1 - 21 August or 1 – 21 October 2018

1 – 21 January, 1 – 21 April, 1 - 21 August or 1 – 21 October 2019

1 – 21 January, 1 – 21 April, 1 - 21 August or 1 – 21 October 2020

1 – 21 January, 1 – 21 April, 1 - 21 August or 1 – 21 October 2021

1 – 21 January, 1 – 21 April, 1 - 21 August or 1 – 21 October 2022

1 – 21 January, 1 – 21 April, 1 - 21 August or 1 – 21 October 2023

For all warrants issued, however, the exercise period of 1 – 21 January 2015 has lapsed and been replaced by an exercise period which commences upon Ascendis Pharma's announcement of its financial interim report for the first quarter of 2015 and expiring 21 days thereafter. In the event that Ascendis Pharma is not obligated to and does in fact not announce a financial interim report for the first quarter of 2015, also the replacement exercise period shall lapse.

4.2 If the last day of an exercise period is Saturday or Sunday, the exercise period shall also include the first weekday following the stipulated period.

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- 4.3** When warrants have been vested, the Warrantholder shall be free to choose, which exercise period to apply for the vested warrants, cf. however, clause 4.5 below regarding material breach. It is, however, a condition for exercise that the Warrantholder in a given exercise period exercises warrants, which give a right to subscribe minimum nominal DKK 100 shares.
- 4.4** Warrants not exercised by the Warrantholder during the last exercise period, 1 – 21 August 2023, shall become null and void without further notice or compensation or payment of any kind to the Warrantholder.
- 4.5** The Warrantholder's exercise of warrants is in principle conditional upon the Warrantholder being employed in Ascendis Pharma at the time when warrants are exercised. In case of termination of the employment the following shall apply:
- a. In the event that Ascendis Pharma terminates the employment contract and the Warrantholder having given Ascendis Pharma good reason to do so, the Warrantholder is only entitled to exercise the warrants vested at the time of termination. Exercise shall take place during the first coming exercise period after termination of the employment, however the Warrantholder shall always have minimum 3 months from the date of termination to decide if warrants shall be exercised. To the extent that the first coming exercise period commences within 3 months from the date of actual termination the Warrantholder shall be entitled to exercise the warrants in the exercise period following the first coming exercise period. All vested warrants not exercised by the Warrantholder according to this clause shall become null and void without further notice or compensation or payment of any kind.
 - b. In the event that the Warrantholder terminate the employment, or in the event that Ascendis Pharma terminates the employment contract and the Warrantholder have not given Ascendis Pharma good reason to do so, the Warrantholder is entitled to exercise the warrants as if the Warrantholder were still employed with Ascendis Pharma. Exercise shall take place in accordance with the general terms and conditions regarding exercise of warrants stipulated in clause 4.1 – 4.5. This provision shall apply if the employment contract is terminated due to retirement.

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- c. If the employment is terminated as a consequence of summary dismissal of the Warrantholder on grounds of material breach, all warrants not exercised at that time shall become null and void without notice or compensation. If the material breach is committed prior to the dismissal the vesting and the right to exercise warrants shall be deemed to have ceased at the time of the material breach. The Warrantholder shall in this case, after demand from Ascendis Pharma, be obligated to sell to Ascendis Pharma shares which have been subscribed through exercise of warrants, after the date of the material breach. The shares shall be sold at a price corresponding to the subscription price paid by the Warrantholder.
 - d. If the employment is terminated due to the death of the Warrantholder all warrants not exercised by the Warrantholder shall become null and void. However, the Ascendis Pharma Board of Directors may grant an exemption from this provision to enable the estate of the Warrantholder to exercise the issued warrants whether they have been vested at the time of the death or not on the condition that exercise be effected during the first exercise period commencing after the death.
- 4.6** If the Warrantholder is a consultant, advisor or board member the exercise of warrants is in principle conditional upon the Warrantholder being connected to Ascendis Pharma in this capacity at the time when warrants are exercised. In case that the consultant's, advisor's or board member's relationship with Ascendis Pharma should cease without this being attributable to the Warrantholder's actions or omissions the Warrantholder shall be entitled to exercise vested warrants in the exercise periods set forth in clause 4.1 above.
- 4.7** Ascendis Pharma's board of directors is in the event of a listing of the company's shares on a stock exchange entitled at its discretion to change the exercise periods in order to coordinate these with applicable rules for insider trading. Unless the Board of Directors resolves otherwise the exercise periods shall in the event of a listing be changed to two 21 day periods after respectively the annual report notification and the interim report (six months) and for warrants issued in november 2014 to up to four 21 day periods immediately following the annual report notification and the interim report (six months) and the quarterly reports.
- 5.** Adjustment of warrants
- 5.1** Changes in Ascendis Pharma's capital structure causing a change of the potential possibility of gain attached to a warrant shall require an adjustment of the warrants.

5.2 Adjustments shall be made so that the potential possibility of gain attached to a warrant, in so far as possible, shall remain the same before and after the occurrence of an incident causing the adjustment. The adjustment shall be carried out with the assistance of Ascendis Pharma's external advisor. The adjustment may be effected either by increase or reduction of the number of shares that can be issued following exercise of a warrant and/or an increase or reduction of the exercise price.

5.3 Warrants shall not be adjusted as a result of Ascendis Pharma's issue of employee shares, share options and/or warrants as part of employee share option schemes (including options to Directors, advisors and consultants) as well as future exercise of such options and/or warrants. Warrants shall, furthermore, not be adjusted as a result of capital increases following the Warrantheolders' and others' exercise of warrants in Ascendis Pharma.

5.4 Bonus shares

If it is decided to issue bonus shares in Ascendis Pharma, warrants shall be adjusted as follows:

The exercise price for each warrant not yet exercised shall be multiplied by the factor:

$$\alpha = \frac{A}{(A+B)}$$

and the number of warrants not yet exercised shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

where:

A = the nominal share capital before issue of bonus shares, and

B = the total nominal value of bonus shares.

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

5.5 Changes of capital at a price different from the market price:

If it is decided to increase or reduce the share capital in Ascendis Pharma at a price below the market price (in relation to capital decreases also above the market price), warrants shall be adjusted as follows:

The exercise price for each non-exercised warrant shall be multiplied by the factor:

$$\alpha = \frac{(A \times K) + (B \times T)}{(A+B) \times K}$$

and the number of non-exercised warrants shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

where:

A = nominal share capital before the change in capital

B = nominal change in the share capital

K = market price / closing price of the share on the day prior to the announcement of the change in the share capital, and

T = subscription price/reduction price in relation to the change in the share capital

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

5.6 Changes in the nominal value of each individual share:

If it is decided to change the nominal value of the shares, warrants shall be adjusted as follows:

The exercise price for each non-exercised warrant shall be multiplied by the factor:

$$\alpha = \frac{A}{B}$$

and the number of non-exercised warrants shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

where:

A = nominal value of each share after the change, and

B = nominal value of each share before the change

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

5.7 Payment of dividend:

If it is decided to pay dividends, the part of the dividends exceeding 10 per cent of the equity capital shall lead to adjustment of the exercise price according to the following formula:

$$E2 = E1 - \frac{U - U_{\max}}{A}$$

where:

E2 = the adjusted exercise price

E1 = the original exercise price

U = dividends paid out

U_{max} = 10 per cent of the equity capital, and

A = total number of shares in Ascendis Pharma

If the adjusted exercise price does not amount to a whole number, it shall be rounded down to the nearest whole number.

The equity capital that shall form the basis of the adjustment above is the equity capital stipulated in the Annual Report to be adopted at the General Meeting where dividends shall be approved before allocation hereof has been made in the Annual Report.

5.8 Other changes in Ascendis Pharma's capital position:

In the event of other changes in Ascendis Pharma's capital position causing changes to the financial value of warrants, warrants shall (save as provided above) be adjusted in order to ensure that the changes do not influence the financial value of the warrants.

The calculation method to be applied to the adjustment shall be decided by an external advisor appointed by the Board of Directors.

It is emphasized that increase or reduction of Ascendis Pharma's share capital at market price does not lead to an adjustment of the subscription price or the number of shares to be subscribed.

5.9 Winding-up:

Should Ascendis Pharma be liquidated, the vesting time for all non-exercised warrants shall be changed so that the Warrantholder may exercise his/her warrants in an extraordinary exercise period immediately preceding the relevant transaction.

5.10 Merger and split:

If Ascendis Pharma merges as the continuing company, warrants shall remain unaffected unless, in connection with the merger, the capital is increased at a price other than the market price and in that case warrants shall be adjusted in accordance with clause 5.5.

If Ascendis Pharma merges as the terminating company or is split, the continuing company may choose one of the following possibilities:

- The Warrantholder may exercise all non-exercised warrants (inclusive of warrants not yet vested) immediately before the merger/split, or
- New share instruments in the continuing company/companies of a corresponding financial pre-tax value shall replace the warrants. On split the continuing companies may decide in which company/companies the Warrantholders shall receive the new share instruments.

5.11 Sale and exchange of shares:

If more than 50 per cent of the share capital in Ascendis Pharma is sold or is part of a share swap, Ascendis Pharma may choose one of the following possibilities:

- The Warranholder may exercise all non-exercised warrants that are not declared null and void (inclusive of warrants not yet vested) immediately before the sale/swap of shares. Furthermore, the Warranholder shall undertake an obligation to sell the subscribed shares on the same conditions as the other shareholders (when selling).
- Share instruments in the acquiring company of a corresponding pre-tax value shall replace the issued warrants.

5.12 Common provisions regarding 5.9-5.11:

If one of the transactions mentioned above is made, Ascendis Pharma shall inform the Warranholder hereof by written notice. Upon receipt of the written notice, the Warranholder shall have 2 weeks – in cases where the Warranholder may extraordinarily exercise warrants, see 5.9-5.11 – to inform Ascendis Pharma in writing whether he/she will make use of the offer. If the Warranholder has not answered Ascendis Pharma in writing within the limit of 2 weeks or fails to pay within the fixed time, warrants shall become null and void without further notice or compensation.

The Warranholder's rights in connection with decisions made by any competent company body, see clause 5.9-5.11, shall be contingent on subsequent registration of the relevant decision with the Danish Commerce and Companies Agency provided that registration is a condition of its validity.

6. Stock Exchange listing

6.1 In the event that Ascendis Pharma's shares are listed on the stock exchange, the Warrantholder shall accept such changes to the warrants that are necessary for Ascendis Pharma's, the shareholders' and the Warrantholders' fulfilment of their obligations, especially the duties of disclosure, to the stock exchange. Additionally the Warrantholders shall be obligated to accept such lock-up periods regarding exercise of warrants or a sale of shares which is recommended to Ascendis Pharma by the investmentbanks. By accept of such lock-up periods, the period regarding exercise of warrants in 4.1 and 4.4 shall be extended with the number of days the lock-up period covers; however, no less than 180 days. Finally the Warrantholders shall be obligated to accept changes to the exercise periods, cf. in this respect above.

7. Transfer, pledge and enforcement

7.1 Issued warrants shall not be subject to charging orders, transfer of any kind, including in connection with division of property on divorce or legal separation, for ownership or as security without the consent of the Board of Directors. The Warrantholder's warrants may, however, be transferred to the Warrantholder's spouse/cohabitant and/or issue in the event of the Warrantholder's death. It is a condition precedent that the recipient signs the at any time applicable shareholders' agreement.

8. Subscription for new shares by exercise of

8.1 Subscription for new shares by exercise of issued warrants must be made through submission by the Warrantholder no later than the last day of the relevant exercise period at 16:00 CET to Ascendis Pharma of an exercise notice drafted by Ascendis Pharma. The exercise notice shall be filled in with all information. The company must have received the exercise price for the new shares, payable as a cash contribution, by the last day of the relevant exercise period.

8.2 If the limitation period set forth in clause 8.1 expires as a result of Ascendis Pharma not having received the filled-in exercise notice or the payment by 16:00 of the last day of the exercise period, the subscription shall be deemed invalid, and in this situation the Warrantholder shall not be considered as having exercised his/her warrants for a possible subsequent exercise period.

8.3 Warrants not exercised by the Warrantholder during the last exercise period, i.e. where exercise notice and/or payment has not been effected by 21 August 2023, shall become null and void without notice or compensation.

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- 8.4** When the capital increase caused by exercise of warrants has been registered with the Danish Commerce and Companies Agency, the Warrantholder shall receive proof of his shareholding in Ascendis Pharma.
- 9.** The rights of new ordinary A-shares
- 9.1** New shares subscribed for by exercise of issued warrants shall in every respect have the same rights as the present A-shares in Ascendis Pharma in accordance with the Articles of Association for Ascendis Pharma in force from time to time. For the time being, the following shall apply:
- That Ascendis Pharma's shareholders shall hold no pre-emptive rights to subscribe for warrants;
 - That Ascendis Pharma's shareholders shall hold no pre-emptive rights to subscribe for new shares issued on the basis of warrants;
 - That the face value of each share shall be DKK 1 or multiples hereof;
 - That the shares shall be non-negotiable instruments issued in the name of the holder and the holders' names shall be entered into the Ascendis Pharma's register of owners;
 - That new A-shares issued as a result of exercise of warrants shall carry the right to dividend and other rights in Ascendis Pharma from the time of registration of the capital increase with the Danish Commerce and Companies Agency; however, the B-shares and C-shares have certain preference rights.
- 9.2** Ascendis Pharma shall pay all costs connected with granting of warrants and later exercise thereof. Ascendis Pharma's costs in connection with issue of warrants and the related capital increase are estimated to DKK 50,000.
- 10.** Sale of shares
- 10.1** When the Warrantholders have been registered as shareholders in Ascendis Pharma, the Warrantholders' shares may be sold in accordance with the provisions of the Shareholders' Agreement established between the Warrantholders and Ascendis Pharma's other shareholders.

11. Other provisions

- 11.1** The value attached to the subscription right shall not be included in the Warranholder's salary, and any agreement made between the Warranholder and Ascendis Pharma regarding pension or the like shall therefore not include the value of the Warranholder's warrants.
- 11.2** If a relevant authority should establish that the issuance and/or exercise of warrants shall be considered a salary allowance with the consequence that Ascendis Pharma shall pay holiday allowance or the like to the Warranholder on the basis of the value of warrants, the subscription price shall be increased in order to compensate Ascendis Pharma for the amounts that have been paid to the Warranholder in the form of holiday allowance or the like.
- 11.3** The fact that Ascendis Pharma offers warrants to Warranholders shall not in any way obligate Ascendis Pharma to maintain the employment.

12. Tax implications

- 12.1** The tax implications connected to the Warranholder's subscription for or exercise of warrants shall be of no concern to Ascendis Pharma.

13. Governing Law and Venue

- 13.1** Acceptance of warrants, the terms and conditions thereto and the exercise, and terms and conditions for future subscription for shares in Ascendis Pharma shall be governed by Danish law.
- 13.2** Any disagreement between the Warranholder and Ascendis Pharma in relation to the understanding or implementation of the warrant scheme shall be settled amicably by negotiation between the parties.
- 13.3** If the parties fail to reach consensus, any disputes shall be settled in accordance with "Rules for hearing of cases in the Copenhagen Arbitration". The Copenhagen Arbitration shall appoint one arbitrator who shall settle the dispute according to Danish law.
- 13.4** In the event of discrepancies between the English and the Danish text the Danish text shall prevail.

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Articles of Association

of

Ascendis Pharma A/S

(Registration no 29918791)

Name, Registered Office and Objects of the Company:

Article 1

The company's name is Ascendis Pharma A/S.

Article 2

The company's registered office is situated in Gentofte Municipality.

Article 3

The object of the company is to develop ideas and preparations for the combating of disease medically, to manufacture and sell such preparations or ideas, to own shares of companies with the same objects and to perform activities in natural connection with these objects.

Company Capital and Shares

Article 4

The share capital of the company is DKK [**] divided into shares of DKK 1 each. The share capital is fully paid up.

Article 4a

The Board of Directors is authorized, in accordance with the Danish Companies Act, Section 169, cf. Section 155, Subsection 2, during the period until 31 December 2019 on one or more occasions to issue warrants to members of the Board of Directors, Executive Management and key employees, advisors and consultants of the Company or its subsidiaries entitling the holder

to subscribe shares for a total of up to nominal value of DKK 5,000,000 without pre-emptive rights for the Company's shareholders. Warrants cannot be issued to the extent that outstanding and non-exercised warrants issued pursuant to this authorisation from 23 January 2015 are equal to 20% or more of the company's registered share capital. The exercise price for the warrants shall be determined by the Board of Directors in consultation with the Company's advisors and shall equal at least to the market price of the shares at the time of issuance. The Board of Directors shall determine the terms for the warrants issued and the distribution hereof.

At the same time, the Board of Directors is authorized in the period until 31 December 2019, on one or more occasions to increase the Company's share capital by up to a total nominal value of DKK 5,000,000 without pre-emptive rights for the existing shareholders by cash payment in order to implement the capital increase related to exercise of the warrants. In accordance with this clause the Board of Directors may increase the share capital with a minimum nominal value of DKK 1 and a maximum nominal value of DKK 5,000,000. The board is authorized to cause such shares to be deposited with a depository bank and the simultaneous issuance of American Depositary Shares.

The new shares issued based on exercise of warrants shall be non-negotiable instruments issued in the name of the holder and registered in the name of the holder in the company's shareholder register. The new shares shall not have any restrictions as to their transferability and no shareholder shall be obliged to have the shares redeemed fully or partly. The shares shall be with the same rights as the existing share capital. The new shares shall give rights to dividends and other rights in the Company from the time which is determined by the Board of Directors in connection with the decision to increase the share capital.

Article 4b

The board of directors has on the dates stated in Appendix 3 resolved to exercise the authorization under (previous) article 4 hereof to issue 613,225 (adjusted following bonus share issuance of 13 January 2015: 2,452,900) warrants in total, of which 4,895 (adjusted following bonus share issuance of 13 January 2015: 19,580) warrants have been cancelled. The terms and conditions of the issued warrants have been adopted as Appendix 1 and 2 to the articles of association and shall form an integral part hereof.

Article 4c

On November 26, 2014 the general meeting resolved to issue 141,626 (adjusted following bonus share issuance of 13 January 2015: DKK 566,504) warrants and resolved simultaneously, at one or more times, to increase the share capital with minimum nominal DKK 100 and maximum nominal DKK 141,626 (adjusted following bonus share issuance of 13 January 2015: DKK 566,504). The terms and conditions of the issued warrants have been adopted as Exhibit 2 to the articles of association and shall form an integral part hereof. The exercise

price has been determined to USD 32.45 converted into DKK by using the official exchange rate as per the date of the general meeting, and 1 warrant therefore confers the right to subscribe nominal DKK 1 share against cash contribution of DKK 193.5188 (adjusted following bonus share issuance of 13 January 2015: DKK 48.3797) (calculated on the basis of the DKK/USD exchange rate in effect on 26 November 2014 being 1 USD = DKK 5.9636).

The warrants vest with 1/48 per month from November 26, 2014.

Article 4d

§ 4 d (1) The board of directors is until 31 December 2019 authorized at one or more times to increase the company's share capital with up to nominal DKK 15,000,000 with pre-emptive subscription rights for the company's shareholders. Capital increases according to this authorisation shall be carried out by the board of directors by way of cash contributions. The board of directors is authorised to make the required amendments to the articles of association if the authorization to increase the share capital is used and to cause such shares to be deposited with a depositary bank and the simultaneous issuance of American Depositary Shares.

§ 4 d (2) The board of directors is until 31 December 2019 authorized at one or more times to increase the company's share capital with up to nominal DKK 15,000,000 without pre-emptive subscription rights for the company's shareholders. Capital increases according to this authorization can be carried out by the board of directors by way of contributions in kind, conversion of debt and/or cash contributions and must be carried out at market price. The board of directors is authorized to make the required amendments to the articles of association if the authorization to increase the share capital is used and to cause such shares to be deposited with a depositary bank and the simultaneous issuance of American Depositary Shares.

§ 4 d (3) For shares issued pursuant to article 4 d (1) or 4 d (2) the following shall apply: The new shares shall be non-negotiable instruments issued in the name of the holder and registered in the name of the holder in the company's register of shareholders. The new shares shall not have any restrictions as to their transferability and no shareholder shall be obliged to have the shares redeemed fully or partly. The shares shall be with the same rights as the existing share capital. The new shares shall give rights to dividends and other rights in the company from the time which are determined by the board of directors in connection with the decision to increase the share capital.

§ 4 d (4) The capital increase, which the board of directors may decide upon, pursuant to Articles 4 d (1) and 4 d (2), cannot exceed a nominal amount of DKK 25,000,000 in the total aggregate.

Article 4e

During the period ending 31 December 2019, the company may at one or more times by resolution of the board of directors obtain loans against issuance of convertible bonds which gives the right to subscribe for shares in the company. The company's existing shareholders shall

not have pre-emption rights and the convertible bonds shall be offered at a subscription price and a conversion price that correspond in aggregate to at least the market price of the shares at the time of the decision of the board of directors. The loans shall be paid in cash. The terms and conditions for the convertible bonds shall be determined by the board of directors.

As a consequence of the conversion of the convertible bonds, the board of directors is authorized during the period until 31 December 2019 to increase the share capital by a nominal value of up to DKK 5,000,000 at one or more times by resolution of the board of directors by conversion of the convertible bonds and on such other terms as the board of directors may determine. The company's existing shareholders shall not have pre-emption rights to subscribe for shares issued by conversion of the convertible bonds. The board is authorized to cause such shares to be deposited with a depository bank and the simultaneous issuance of American Depositary Shares.

The new shares issued based on convertible bonds shall be non-negotiable instruments issued in the name of the holder and registered in the name of the holder in the company's register of shareholders. The new shares shall not have any restrictions as to their transferability and no shareholder shall be obliged to have the shares redeemed fully or partly. The shares shall be with the same rights as the existing share capital. The new shares shall give rights to dividends and other rights in the company from the time which are determined by the board of directors in connection with the decision to increase the share capital.

Article 5

The company's shares shall be issued in the name of the holder, and shall be registered in the name of the holder in the company's register of shareholders. No share certificates are issued.

The company's register of owners shall be kept and maintained by Computershare A/S (Company registration (CVR) nr. 27088899).

The company's shares are issued through VP Securities Services and dividends are in accordance with the rules applicable from time to time for VP Securities Services paid by way of transfer to accounts designated by the shareholders.

The company's shares are non-negotiable instruments.

No shareholder shall be obligated to have his shares redeemed in whole or in part by the company or others.

Article 6

The company's shareholders are entitled to vote their shares differently. Any shareholder shall be entitled to attend in person or to be represented by proxy, and both the shareholder and the proxy holder may meet with an advisor. A shareholder may vote by proxy.

The shares can be cancelled out of court in conformity with the legislation applying to non-negotiable securities, in force at any time.

General Meetings

Article 7

General meetings of the company shall be held in Copenhagen municipality or in the Greater Copenhagen area. The language of the company group is English and general meetings are conducted in English.

General meetings shall be convened with a notice of a minimum 2 weeks and a maximum of 4 weeks by publication in the Danish Business Authority's computerised information system and on the company's website. A convening notice shall, furthermore, be forwarded in writing to all shareholders recorded in the register of owners who have requested such notification. The convening notice shall contain the agenda for the general meeting. If the agenda contains proposals, the adoption of which require a qualified majority, the convening notice shall contain a specification of such proposals and their material contents.

The annual general meeting shall be held within 5 months after the expiry of the accounting year.

Proposals from shareholders shall in order to be considered at the annual general meeting be filed in writing with the board of directors at the latest 6 weeks before the annual general meeting. If a motion is filed later than 6 weeks before the general meeting the board of directors decides whether the motion was filed in such timely fashion that the motion can be included on the agenda.

Extraordinary general meetings shall be held according to resolutions by the general meeting or the board of directors or upon written request to the board of directors from one of the elected auditors and if a request is presented by shareholders representing in aggregate at least 1/20 of the share capital. A request from shareholders representing at least 1/20 of the share capital shall specify the proposal to be considered by the general meeting. The general meeting shall in this case be convened within 2 weeks from the date the proposal has been presented to the board of directors.

The agenda and the complete proposals, and in for annual general meetings also the annual report, shall be made available for review by the company's shareholders at the latest two weeks prior to the general meeting.

Article 8

The agenda of the ordinary general meeting shall include:

1. The board of directors' report on the company's activities during the past year

2. Presentation of annual report with auditor's report for adoption
3. Resolution on application of profits or covering of losses as per the adopted annual report
4. Election of board members
5. Election of auditor
6. Any motions from the board of directors or shareholders
7. Miscellaneous

Article 9

At general meetings, each share of DKK 1 shall carry one vote.

The matters discussed at general meetings shall be adopted by a simple majority of votes unless the law or the company's articles otherwise provide.

In case of equality of votes the motion shall be deemed annulled.

Board of Directors:

Article 10

The company shall be governed by the board of directors, consisting of no less than 3 and no more than 10 board members, elected by the shareholders in general meeting. The board of directors is elected for two years at a time.

The board of directors shall with respect to the duration of the term which they severally hold office be classified into two classes as nearly equal in number as possible. Such classes shall originally consist of one class of directors ("Class I") who shall be elected at the annual general meeting held in 2015 for a term expiring at the annual general meeting to be held 2017; and a second class of directors ("Class II") who shall be elected at the annual general meeting

held in 2015 for a term expiring at the annual general meeting to be held in 2016. The shareholders shall increase or decrease the number of directors, in order to ensure that the two classes shall be as nearly equal in number as possible; provided, however, that no decrease shall have the effect of shortening the term of any other director. At each annual general meeting beginning in 2016, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual general meeting held in the second year following the year of their election.

Any board member shall retire from the board at the ordinary general meeting following immediately after his attaining the age of 75.

The board of directors shall elect their chairman from their own number.

The board of directors shall adopt its own Rules of Procedure and ensure that the company conducts its activities in conformity with the articles of association and the legislation in force at any time.

The chairman shall convene board meetings whenever he finds it necessary, or when any board member or member of management so requests.

Management:

Article 11

The board of directors shall employ a management consisting of 1-5 members to attend to the day-to-day management of the company, and the board shall determine the terms and conditions of the employment. The management shall perform their duties in accordance with the guidelines and directions issued by the board of directors.

Binding Powers:

Article 12

The company shall be bound by the chairman of the board of directors and one member of management jointly or by 3 (three) members of the board of directors.

The board of directors may issue individual or joint powers of procuration.

Audit:

Article 13

One state-authorized public accountant, elected by the general meeting for one year at a time, shall audit the company's annual reports.

Accounting Year/Annual Report:

Article 14

The company's accounting year shall be the calendar year.

The company's annual report shall present a true and fair view of the company's assets and liabilities, its financial position and results.

The company's annual report and interim reports shall be presented in English language.

ELECTRONIC COMMUNICATION:

Article 15

The company may make use of electronic document exchange and electronic mail (electronic communication) in its communications with shareholders cf. section 92 of the Danish Companies Act. The company may at any time elect to communicate by ordinary mail but is not obligated to do so.

All announcements and documents that pursuant to the company's articles of association, the Danish Companies Act as well as stock exchange legislation and regulations must be exchanged between the company and the shareholders, including, by example, notices to convene annual or extraordinary general meetings along with agendas and full wordings of proposed resolutions, proxies, interim reports, annual reports, stock exchange announcements, financial calendar and prospectuses, as well as general information from the company to the shareholders may be sent as an attached file by e-mail or by including in an e-mail exact information as to where the document may be downloaded (a link).

The company shall request its name-registered shareholders to forward an electronic address which may be used for electronic notices. It is the responsibility of the individual shareholder to ensure that the company is informed of the correct address.

Information about system requirements and about the procedure for electronic communications can be found on the company's website www.ascendispharma.com.

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Most recently adopted at the board meeting held on [**] 2015.

Appendix 1 to the Articles of Association of Ascendis Pharma A/S

Pursuant to authorisation in the articles of association for Ascendis Pharma A/S, the Board of Directors has resolved that the following terms and conditions shall apply to warrants which are granted to employees, consultants, advisors and board members according to the authorisation:

1. General

- 1.1** Ascendis Pharma A/S (hereinafter “Ascendis Pharma”) has decided to introduce an incentive scheme for employees, consultants, advisors and board members in Ascendis Pharma and its subsidiaries (hereinafter collectively referred to as “Warranholders”). The scheme is based on issuance of options, also called warrants (hereinafter only referred to as “warrants”), which are not subject to payment. Where below in clause 3.3 – 3.6 and clause 4.5 –4.6 terms for vesting etc. are described as being dependant upon employment/affiliation with Ascendis Pharma, this shall be understood as a reference to the relevant subsidiary by which the Warranholders is employed/affiliated.
- 1.2** A warrant is a right, but not an obligation, during fixed periods (exercise periods) to subscribe for new ordinary shares in Ascendis Pharma at a price fixed in advance (the exercise price). The exercise price, which shall correspond to the market price at the date of issuance, shall be determined by the board of directors. Each warrant carries the right to subscribe for nominal DKK 1 ordinary share in Ascendis Pharma at the subscription price determined by the board of directors at the date of issuance.
- 1.3** Warrants will be offered to employees, consultants, advisors and board members in Ascendis Pharma and in its subsidiaries at the discretion of the Board of Directors after suggestion from the management of Ascendis Pharma A/S. The number of warrants offered to each individual shall be based on an individual evaluation of the Warranholder’s duties. It shall appear from the individual Warranholder’s warrant certificate how many warrants have been granted to the Warranholder and what the exercise price for the warrant is.

2. Granting/subscription of warrants

- 2.1** Warranholders who wish to subscribe the offered warrants shall sign a Warrant Certificate with this Appendix 1 attached and, to the extent required by the Board of Directors, a Shareholders Agreement regulating the relationship between the Warranholders and Ascendis Pharma's other shareholders.
- 2.2** The granting of warrants shall not be subject to payment from the Warranholders.
- 2.3** Ascendis Pharma shall keep records of granted warrants and update the records at suitable intervals.

3. Vesting

- 3.1** The warrants shall be vested with 1/36 per month from the date of grant of the warrants covered by this Appendix 1. Warrants granted to members of the board of directors and to members of Ascendis Pharma's committees shall however vest with 1/24 per month from the date of grant of the warrants covered by this Appendix 1. The board may have determined a different vesting period in its decision to issue warrants.
- 3.2** If the stipulated fraction does not amount to a whole number of warrants, the number shall be rounded down to the nearest whole number.
- 3.3** Warrants shall only be vested to the extent the Warranholder is employed by Ascendis Pharma, cf. however clause 3.4 to 3.6 below.
- 3.4** In the event that the Warranholder terminates the employment contract and the termination is not a result of breach of the employment terms by Ascendis Pharma, and in the event that Ascendis Pharma terminates the employment contract and the Warranholder has given Ascendis Pharma good reason to do so, then the vesting of warrants shall cease from the time the employment is terminated, meaning from the first day when the Warranholder is no longer entitled to salary from Ascendis Pharma, notwithstanding that the Warranholder has actually ceased to perform his/her duties at an earlier date. In addition hereto the Warranholder's right, if any, to receive warrants granted after termination of the employment shall cease.
- 3.5** In the event that the Warranholder terminates the employment contract and the termination is a result of breach of the employment terms by Ascendis Pharma, or in the event that Ascendis Pharma terminates the employment contract and the Warranholder having not given Ascendis Pharma good reason to do so, then warrants shall continue to vest as if the Warranholder was still employed by Ascendis Pharma.

- 3.6** Should the Warrantholder materially breach the terms of the employment, the vesting of warrants shall cease from the date when the Warrantholder is dismissed due to the material breach.
- 3.7** Warrants issued to consultants, advisors and board members only vest to the extent that the consultant, advisor or board member acts on behalf of Ascendis Pharma as a consultant, advisor or board member.
- 3.8** If the Warrantholder takes leave – other than maternity leave – and the leave exceeds 60 days, the dates when the warrants shall be vested shall be postponed by a period corresponding to the duration of the leave.
- 4.** Exercise
- 4.1** When a warrant has been vested, it may be exercised during the exercise periods. Vested warrants may be exercised in two annual exercise periods that run for 21 days from and including the day after the publication of (i) the annual report notification—or if such notification is not published—the annual report and (ii) our interim report (six-month report). The last exercise period is 21 days from and including the day after the publication of Ascendis Pharms interim report for the first half of 2015.
- All warrants issued may be additionally be exercised in an extraordinary exercise period which commences upon Ascendis Pharma’s announcement of its financial interim report for the first quarter of 2015 and which expires 21 days thereafter. In the event that Ascendis Pharma is not obligated to and does in fact not announce a financial interim report for the first quarter of 2015 the exercise period shall lapse.
- 4.2** If the last day of an exercise period is Saturday or Sunday, the exercise period shall also include the first weekday following the stipulated period.
- 4.3** When warrants have been vested, the Warrantholder shall be free to choose, which exercise period to apply for the vested warrants, cf. however, clause 4.5 below regarding material breach. It is, however, a condition for exercise that the Warrantholder in a given exercise period exercises warrants, which give a right to subscribe minimum nominal DKK 500 shares.

- 4.4 Warrants not exercised by the Warrantholder during the last exercise period shall become null and void without further notice or compensation or payment of any kind to the Warrantholder.
- 4.5 The Warrantholder's exercise of warrants is in principle conditional upon the Warrantholder being employed in Ascendis Pharma at the time when warrants are exercised. In case of termination of the employment the following shall apply:
- a. In the event that Ascendis Pharma terminates the employment contract and the Warrantholder having given Ascendis Pharma good reason to do so, the Warrantholder is only entitled to exercise the warrants vested at the time of termination. Exercise shall take place during the first coming exercise period after termination of the employment, however the Warrantholder shall always have minimum 3 months from the date of termination to decide if warrants shall be exercised. To the extent that the first coming exercise period commences within 3 months from the date of actual termination the Warrantholder shall be entitled to exercise the warrants in the exercise period following the first coming exercise period. All vested warrants not exercised by the Warrantholder according to this clause shall become null and void without further notice or compensation or payment of any kind.
 - b. In the event that the Warrantholder terminate the employment, or in the event that Ascendis Pharma terminates the employment contract and the Warrantholder have not given Ascendis Pharma good reason to do so, the Warrantholder is entitled to exercise the warrants as if the Warrantholder were still employed with Ascendis Pharma. Exercise shall take place in accordance with the general terms and conditions regarding exercise of warrants stipulated in clause 4.1 – 4.5. This provision shall apply if the employment contract is terminated due to retirement.
 - c. If the employment is terminated as a consequence of summary dismissal of the Warrantholder on grounds of material breach, all warrants not exercised at that time shall become null and void without notice or compensation. If the material breach is committed prior to the dismissal the vesting and the right to exercise warrants shall be deemed to have ceased at the time of the material breach. The Warrantholder shall in this case, after demand from Ascendis Pharma, be obligated to sell to Ascendis Pharma shares which have been subscribed through exercise of warrants, after the date of the material breach. The shares shall be sold at a price corresponding to the subscription price paid by the Warrantholder.

- d. If the employment is terminated due to the death of the Warranholder all warrants not exercised by the Warranholder shall become null and void. However, the Ascendis Pharma Board of Directors may grant an exemption from this provision to enable the estate of the Warranholder to exercise the issued warrants whether they have been vested at the time of the death or not on the condition that exercise be effected during the first exercise period commencing after the death.
- 4.6 If the Warranholder is a consultant, advisor or board member the exercise of warrants is in principle conditional upon the Warranholder being connected to Ascendis Pharma in this capacity at the time when warrants are exercised. In case that the consultant's, advisor's or board member's relationship with Ascendis Pharma should cease without this being attributable to the Warranholder's actions or omissions the Warranholder shall be entitled to exercise vested warrants in the exercise periods set forth in clause 4.1 above.
- 4.7 Ascendis Pharma's board of directors is in the event of a listing of the company's shares on a stock exchange entitled at its discretion to change the exercise periods in order to coordinate these with applicable rules for insider trading. Unless the Board of Directors resolves otherwise the exercise periods shall in the event of a listing be changed to two 21 day periods after respectively the annual report notification and the interim report (six months).
5. Adjustment of warrants
- 5.1 Changes in Ascendis Pharma's capital structure causing a change of the potential possibility of gain attached to a warrant shall require an adjustment of the warrants.
- 5.2 Adjustments shall be made so that the potential possibility of gain attached to a warrant, in so far as possible, shall remain the same before and after the occurrence of an incident causing the adjustment. The adjustment shall be carried out with the assistance of Ascendis Pharma's external advisor. The adjustment may be effected either by increase or reduction of the number of shares that can be issued following exercise of a warrant and/or an increase or reduction of the exercise price.
- 5.3 Warrants shall not be adjusted as a result of Ascendis Pharma's issue of employee shares, share options and/or warrants as part of employee share option schemes (including options to Directors, advisors and consultants) as well as future exercise of such options and/or warrants. Warrants shall, furthermore, not be adjusted as a result of capital increases following the Warranholders' and others' exercise of warrants in Ascendis Pharma.

5.4 Bonus shares

If it is decided to issue bonus shares in Ascendis Pharma, warrants shall be adjusted as follows:

The exercise price for each warrant not yet exercised shall be multiplied by the factor:

$$\alpha = \frac{A}{(A+B)}$$

and the number of warrants not yet exercised shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

$$\alpha$$

where:

A = the nominal share capital before issue of bonus shares, and

B = the total nominal value of bonus shares.

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

5.5 Changes of capital at a price different from the market price:

If it is decided to increase or reduce the share capital in Ascendis Pharma at a price below the market price (in relation to capital decreases also above the market price), warrants shall be adjusted as follows:

The exercise price for each non-exercised warrant shall be multiplied by the factor:

$$\alpha = \frac{(A \times K) + (B \times T)}{(A+B) \times K}$$

and the number of non-exercised warrants shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

α

where:

A = nominal share capital before the change in capital

B = nominal change in the share capital

K = market price / closing price of the share on the day prior to the announcement of the change in the share capital, and

T = subscription price/reduction price in relation to the change in the share capital

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

5.6 Changes in the nominal value of each individual share:

If it is decided to change the nominal value of the shares, warrants shall be adjusted as follows:

The exercise price for each non-exercised warrant shall be multiplied by the factor:

$$\alpha = \frac{A}{B}$$

and the number of non-exercised warrants shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

α

where:

A = nominal value of each share after the change, and

B = nominal value of each share before the change

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

5.7 Payment of dividend:

If it is decided to pay dividends, the part of the dividends exceeding 10 per cent of the equity capital shall lead to adjustment of the exercise price according to the following formula:

$$E2 = E1 - \frac{U - U_{\max}}{A}$$

where:

E2 =	the adjusted exercise price
E1 =	the original exercise price
U =	dividends paid out
U _{max} =	10 per cent of the equity capital, and
A =	total number of shares in Ascendis Pharma

If the adjusted exercise price does not amount to a whole number, it shall be rounded down to the nearest whole number.

The equity capital that shall form the basis of the adjustment above is the equity capital stipulated in the Annual Report to be adopted at the General Meeting where dividends shall be approved before allocation hereof has been made in the Annual Report.

5.8 Other changes in Ascendis Pharma's capital position:

In the event of other changes in Ascendis Pharma's capital position causing changes to the financial value of warrants, warrants shall (save as provided above) be adjusted in order to ensure that the changes do not influence the financial value of the warrants.

The calculation method to be applied to the adjustment shall be decided by an external advisor appointed by the Board of Directors.

It is emphasized that increase or reduction of Ascendis Pharma's share capital at market price does not lead to an adjustment of the subscription price or the number of shares to be subscribed.

5.9 Winding-up:

Should Ascendis Pharma be liquidated, the vesting time for all non-exercised warrants shall be changed so that the Warrantholder may exercise his/her warrants in an extraordinary exercise period immediately preceding the relevant transaction.

5.10 Merger and split:

If Ascendis Pharma merges as the continuing company, warrants shall remain unaffected unless, in connection with the merger, the capital is increased at a price other than the market price and in that case warrants shall be adjusted in accordance with clause 5.5.

If Ascendis Pharma merges as the terminating company or is split, the continuing company may choose one of the following possibilities:

- The Warrantholder may exercise all non-exercised warrants (inclusive of warrants not yet vested) immediately before the merger/split, or
- New share instruments in the continuing company/companies of a corresponding financial pre-tax value shall replace the warrants. On split the continuing companies may decide in which company/companies the Warrantholders shall receive the new share instruments.

5.11 Sale and exchange of shares:

If more than 50 per cent of the share capital in Ascendis Pharma is sold or is part of a share swap, Ascendis Pharma may choose one of the following possibilities:

- The Warrantholder may exercise all non-exercised warrants that are not declared null and void (inclusive of warrants not yet vested) immediately before the sale/swap of shares. Furthermore, the Warrantholder shall undertake an obligation to sell the subscribed shares on the same conditions as the other shareholders (when selling).
- Share instruments in the acquiring company of a corresponding pre-tax value shall replace the issued warrants.

5.12 Common provisions regarding 5.9-5.11:

If one of the transactions mentioned above is made, Ascendis Pharma shall inform the Warrantholder hereof by written notice. Upon receipt of the written notice, the Warrantholder shall have 2 weeks – in cases where the Warrantholder may extraordinarily exercise warrants, see 5.9-5.11 – to inform Ascendis Pharma in writing

whether he/she will make use of the offer. If the Warranholder has not answered Ascendis Pharma in writing within the limit of 2 weeks or fails to pay within the fixed time, warrants shall become null and void without further notice or compensation.

The Warranholder's rights in connection with decisions made by any competent company body, see 5.9-5.11, shall be contingent on subsequent registration of the relevant decision with the Danish Business Authority provided that registration is a condition of its validity.

6. Stock Exchange listing

[Intentionally left blank]

7. Transfer, pledge and enforcement
- 7.1 Issued warrants shall not be subject to charging orders, transfer of any kind, including in connection with division of property on divorce or legal separation, for ownership or as security without the consent of the Board of Directors. The Warrantholder's warrants may, however, be transferred to the Warrantholder's spouse/cohabitant and/or issue in the event of the Warrantholder's death. It is a condition precedent that the recipient signs the at any time applicable shareholders' agreement.
8. Subscription for new shares by exercise of warrants
- 8.1 Subscription for new shares by exercise of issued warrants must be made through submission by the Warrantholder no later than the last day of the relevant exercise period at 16:00 to Ascendis Pharma of an exercise notice drafted by Ascendis Pharma. The exercise notice shall be filled in with all information. The company must have received the exercise price for the new shares, payable as a cash contribution, by the last day of the relevant exercise period.
- 8.2 If the limitation period set forth in clause 8.1 expires as a result of Ascendis Pharma not having received the filled-in exercise notice or the payment by 16:00 of the last day of the exercise period, the subscription shall be deemed invalid, and in this situation the Warrantholder shall not be considered as having exercised his/her warrants for a possible subsequent exercise period.
- 8.3 Warrants not exercised by the Warrantholder during the last exercise period shall become null and void without notice or compensation.
- 8.4 When the capital increase caused by exercise of warrants has been registered with the Danish Business Authority, the Warrantholder shall receive proof of his shareholding in Ascendis Pharma.
9. The rights of new ordinary shares
- 9.1 New shares subscribed for by exercise of issued warrants shall in every respect have the same rights as the present shares in Ascendis Pharma in accordance with the Articles of Association for Ascendis Pharma in force from time to time. For the time being, the following shall apply:
- That Ascendis Pharma's shareholders shall hold no pre-emptive rights to subscribe for warrants;

- That Ascendis Pharma's shareholders shall hold no pre-emptive rights to subscribe for new shares issued on the basis of warrants;
 - That the face value of each share shall be DKK 1 or multiples hereof;
 - That the shares shall be non-negotiable instruments issued in the name of the holder and shall be registered in the name of the holder in Ascendis Pharma's register of owners;
 - That new shares issued as a result of exercise of warrants shall carry the right to dividend and other rights in Ascendis Pharma from the time of registration of the capital increase with the Danish Business Authority.
- 9.2** Ascendis Pharma shall pay all costs connected with granting of warrants and later exercise thereof. Ascendis Pharma's costs in connection with issue of warrants and the related capital increase are estimated to DKK 50,000.
- 10.** Sale of shares
[intentionally left blank]
- 11.** Other provisions
- 11.1** The value attached to the subscription right shall not be included in the Warrantholder's salary, and any agreement made between the Warrantholder and Ascendis Pharma regarding pension or the like shall therefore not include the value of the Warrantholder's warrants.
- 11.2** If a relevant authority should establish that the issuance and/or exercise of warrants shall be considered a salary allowance with the consequence that Ascendis Pharma shall pay holiday allowance or the like to the Warrantholder on the basis of the value of warrants, the subscription price shall be increased in order to compensate Ascendis Pharma for the amounts that have been paid to the Warrantholder in the form of holiday allowance or the like.
- 11.3** The fact that Ascendis Pharma offers warrants to Warrantholders shall not in any way obligate Ascendis Pharma to maintain the employment.

- 12.** Tax implications
- 12.1** The tax implications connected to the Warrantholder's subscription for or exercise of warrants shall be of no concern to Ascendis Pharma.
- 13.** Governing Law and Venue
- 13.1** Acceptance of warrants, the terms and conditions thereto and the exercise, and terms and conditions for future subscription for shares in Ascendis Pharma shall be governed by Danish law.
- 13.2** Any disagreement between the Warrantholder and Ascendis Pharma in relation to the understanding or implementation of the warrant scheme shall be settled amicably by negotiation between the parties.
- 13.3** If the parties fail to reach consensus, any disputes shall be settled in accordance with "Rules for hearing of cases in the Copenhagen Arbitration". The Copenhagen Arbitration shall appoint one arbitrator who shall settle the dispute according to Danish law.
- 13.4** In the event of discrepancies between the English and the Danish text the Danish text shall prevail.

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Appendix 2 to the Articles of Association of Ascendis Pharma A/S

Pursuant to authorisation in the articles of association for Ascendis Pharma A/S, the Board of Directors has resolved that the following terms and conditions shall apply to warrants which are granted to employees, consultants, advisors and board members according to the authorisation:

1. General

- 1.1** Ascendis Pharma A/S (hereinafter “Ascendis Pharma”) has decided to introduce an incentive scheme for employees, consultants, advisors and board members in Ascendis Pharma and its subsidiaries (hereinafter collectively referred to as “Warranholders”). The scheme is based on issuance of options, also called warrants (hereinafter only referred to as “warrants”), which are not subject to payment. Where below in clause 3.4 – 3.7 and clause 4.5 - 4.6 terms for vesting etc. are described as being dependant upon employment/affiliation with Ascendis Pharma, this shall be understood as a reference to the relevant subsidiary by which the Warranholders is employed/affiliated.
- 1.2** A warrant is a right, but not an obligation, during fixed periods (exercise periods) to subscribe for new ordinary shares in Ascendis Pharma at a price fixed in advance (the exercise price). The exercise price, which shall correspond to the market price at the date of issuance, shall be determined by the board of directors. Each warrant carries the right to subscribe for nominal DKK 1 ordinary share in Ascendis Pharma at the subscription price determined by the board of directors at the date of issuance.
- 1.3** Warrants will be offered to employees, consultants, advisors and board members in Ascendis Pharma and in its subsidiaries at the discretion of the Board of Directors after suggestion from the management of Ascendis Pharma A/S. The number of warrants offered to each individual shall be based on an individual evaluation of the Warranholder’s duties. It shall appear from the individual Warranholder’s warrant certificate how many warrants have been granted to the Warranholder and what the exercise price for the warrant is.

2. Granting/subscription of warrants

- 2.1 Warranholders who wish to subscribe the offered warrants shall sign a Warrant Certificate with this Appendix 21 attached and, to the extent required by the Board of Directors, a Shareholders Agreement regulating the relationship between the Warranholders and Ascendis Pharma's other shareholders.
- 2.2 The granting of warrants shall not be subject to payment from the Warranholders.
- 2.3 Ascendis Pharma shall keep records of granted warrants and update the records at suitable intervals.

3. Vesting

- 3.1 The warrants shall be vested with 1/48 per month from the date of grant of the warrants covered by this Appendix 2. The board may have determined a different vesting period in its decision to issue warrants.
- 3.2 If Ascendis Pharma before 1/1 2014 merges as the terminating company or is split, cf. clause 5.10 or if more than 50 per cent of the share capital in Ascendis Pharma no later than 1/1 2014 is sold or is part of a share swap, cf. clause 5.11 (defined as an "Exit-event"), then 50% of the warrants not already vested on the time of the Exit-event shall vest at the time of the Exit-event.

If the Exit-event occurs on or after 1/1 2014, then all warrants not vested at the time of the Exit-event shall be deemed 100% for vested at the time of the Exit-event.
- 3.3 If the stipulated fraction does not amount to a whole number of warrants, the number shall be rounded down to the nearest whole number.
- 3.4 Warrants shall only be vested to the extent the Warranholder is employed by Ascendis Pharma, cf. however clause 3.5 to 3.7 below.
- 3.5 In the event that the Warranholder terminates the employment contract and the termination is not a result of breach of the employment terms by Ascendis Pharma, and in the event that Ascendis Pharma terminates the employment contract and the Warranholder has given Ascendis Pharma good reason to do so, then the vesting of warrants shall cease from the time the employment is terminated, meaning from the first day when the Warranholder is no longer entitled to salary from Ascendis Pharma,

notwithstanding that the Warrantholder has actually ceased to perform his/her duties at an earlier date. In addition hereto the Warrantholder's right, if any, to receive warrants granted after termination of the employment shall cease.

- 3.6 In the event that the Warrantholder terminates the employment contract and the termination is a result of breach of the employment terms by Ascendis Pharma, or in the event that Ascendis Pharma terminates the employment contract and the Warrantholder having not given Ascendis Pharma good reason to do so, then warrants shall continue to vest as if the Warrantholder was still employed by Ascendis Pharma.
- 3.7 Should the Warrantholder materially breach the terms of the employment, the vesting of warrants shall cease from the date when the Warrantholder is dismissed due to the material breach.
- 3.8 Warrants issued to consultants, advisors and board members only vest to the extent that the consultant, advisor or board member acts on behalf of Ascendis Pharma as a consultant, advisor or board member.
- 3.9 If the Warrantholder takes leave – other than maternity leave – and the leave exceeds 60 days, the dates when the warrants shall be vested shall be postponed by a period corresponding to the duration of the leave.

4. *Exercise*

- 4.1 When a warrant has been vested, it may be exercised during the exercise periods. Vested warrants may be exercised in two annual exercise periods that run for 21 days from and including the day after the publication of (i) the annual report notification—or if such notification is not published—the annual report and (ii) our interim report (six-month report). The last exercise period is 21 days from and including the day after the publication of Ascendis Pharmas interim report for the first half of 2023.

Warrants granted on 26 November 2014 may be exercised in four annual exercise periods that run for 21 days from and including the day after publication of (i) the interim report (three-month report); (ii) the annual report notification—or if such notification is not published—the annual report; (iii) the interim report (six-month report); and (iv) our interim report (nine-month report). For these warrants the last exercise period is 21 days following the publication of our interim report (nine-month report) in 2023.

All warrants issued may, additionally, be exercised in an extraordinary exercise period which commences upon Ascendis Pharma's announcement of its financial interim report for the first quarter of 2015 and which expires 21 days thereafter. In the event that Ascendis Pharma is not obligated to and does in fact not announce a financial interim report for the first quarter of 2015 the exercise period shall lapse.

- 4.2** If the last day of an exercise period is Saturday or Sunday, the exercise period shall also include the first weekday following the stipulated period.
- 4.3** When warrants have been vested, the Warrantholder shall be free to choose, which exercise period to apply for the vested warrants, cf. however, clause 4.5 below regarding material breach. It is, however, a condition for exercise that the Warrantholder in a given exercise period exercises warrants, which give a right to subscribe minimum nominal DKK 100 shares.
- 4.4** Warrants not exercised by the Warrantholder during the last exercise period shall become null and void without further notice or compensation or payment of any kind to the Warrantholder.
- 4.5** The Warrantholder's exercise of warrants is in principle conditional upon the Warrantholder being employed in Ascendis Pharma at the time when warrants are exercised. In case of termination of the employment the following shall apply:
- a. In the event that Ascendis Pharma terminates the employment contract and the Warrantholder having given Ascendis Pharma good reason to do so, the Warrantholder is only entitled to exercise the warrants vested at the time of termination. Exercise shall take place during the first coming exercise period after termination of the employment, however the Warrantholder shall always have minimum 3 months from the date of termination to decide if warrants shall be exercised. To the extent that the first coming exercise period commences within 3 months from the date of actual termination the Warrantholder shall be entitled to exercise the warrants in the exercise period following the first coming exercise period. All vested warrants not exercised by the Warrantholder according to this clause shall become null and void without further notice or compensation or payment of any kind.
 - b. In the event that the Warrantholder terminate the employment, or in the event that Ascendis Pharma terminates the employment contract and the Warrantholder have not given Ascendis Pharma good reason to do so, the Warrantholder is entitled

to exercise the warrants as if the Warrantholder were still employed with Ascendis Pharma. Exercise shall take place in accordance with the general terms and conditions regarding exercise of warrants stipulated in clause 4.1 – 4.5. This provision shall apply if the employment contract is terminated due to retirement.

- c. If the employment is terminated as a consequence of summary dismissal of the Warrantholder on grounds of material breach, all warrants not exercised at that time shall become null and void without notice or compensation. If the material breach is committed prior to the dismissal, the vesting and the right to exercise warrants shall be deemed to have ceased at the time of the material breach. The Warrantholder shall in this case, after demand from Ascendis Pharma, be obligated to sell to Ascendis Pharma shares which have been subscribed through exercise of warrants, after the date of the material breach. The shares shall be sold at a price corresponding to the subscription price paid by the Warrantholder.
 - d. If the employment is terminated due to the death of the Warrantholder all warrants not exercised by the Warrantholder shall become null and void. However, the Ascendis Pharma Board of Directors may grant an exemption from this provision to enable the estate of the Warrantholder to exercise the issued warrants whether they have been vested at the time of the death or not on the condition that exercise be effected during the first exercise period commencing after the death.
- 4.6** If the Warrantholder is a consultant, advisor or board member the exercise of warrants is in principle conditional upon the Warrantholder being connected to Ascendis Pharma in this capacity at the time when warrants are exercised. In case that the consultant's, advisor's or board member's relationship with Ascendis Pharma should cease without this being attributable to the Warrantholder's actions or omissions the Warrantholder shall be entitled to exercise vested warrants in the exercise periods set forth in clause 4.1 above.
- 4.7** Ascendis Pharma's board of directors is in the event of a listing of the company's shares on a stock exchange entitled at its discretion to change the exercise periods in order to coordinate these with applicable rules for insider trading. Unless the Board of Directors resolves otherwise the exercise periods shall in the event of a listing be changed to two 21 day periods after respectively the annual report notification and the interim report (six months) and for warrants issued in november 2014 to up to four 21 day periods immediately following the annual report notification and the interim report (six months) and the quarterly reports.

5. Adjustment of warrants

5.1 Changes in Ascendis Pharma's capital structure causing a change of the potential possibility of gain attached to a warrant shall require an adjustment of the warrants.

5.2 Adjustments shall be made so that the potential possibility of gain attached to a warrant, in so far as possible, shall remain the same before and after the occurrence of an incident causing the adjustment. The adjustment shall be carried out with the assistance of Ascendis Pharma's external advisor. The adjustment may be effected either by increase or reduction of the number of shares that can be issued following exercise of a warrant and/or an increase or reduction of the exercise price.

5.3 Warrants shall not be adjusted as a result of Ascendis Pharma's issue of employee shares, share options and/or warrants as part of employee share option schemes (including options to Directors, advisors and consultants) as well as future exercise of such options and/or warrants. Warrants shall, furthermore, not be adjusted as a result of capital increases following the Warrantheolders' and others' exercise of warrants in Ascendis Pharma.

5.4 Bonus shares

If it is decided to issue bonus shares in Ascendis Pharma, warrants shall be adjusted as follows:

The exercise price for each warrant not yet exercised shall be multiplied by the factor:

$$\alpha = \frac{A}{(A+B)}$$

and the number of warrants not yet exercised shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

α

where:

A = the nominal share capital before issue of bonus shares, and

B = the total nominal value of bonus shares.

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

5.5 Changes of capital at a price different from the market price:

If it is decided to increase or reduce the share capital in Ascendis Pharma at a price below the market price (in relation to capital decreases also above the market price), warrants shall be adjusted as follows:

The exercise price for each non-exercised warrant shall be multiplied by the factor:

$$\alpha = \frac{(A \times K) + (B \times T)}{(A+B) \times K}$$

and the number of non-exercised warrants shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

α

where:

A = nominal share capital before the change in capital

B = nominal change in the share capital

K = market price / closing price of the share on the day prior to the announcement of the change in the share capital, and

T = subscription price/reduction price in relation to the change in the share capital

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

5.6 Changes in the nominal value of each individual share:

If it is decided to change the nominal value of the shares, warrants shall be adjusted as follows:

The exercise price for each non-exercised warrant shall be multiplied by the factor:

$$\alpha = \frac{A}{B}$$

and the number of non-exercised warrants shall be multiplied by the factor:

$$\frac{1}{\alpha}$$

α

where:

A = nominal value of each share after the change, and

B = nominal value of each share before the change

If the adjusted exercise price and/or the adjusted number of shares does not amount to whole numbers, each number shall be rounded down to the nearest whole number.

5.7 Payment of dividend:

If it is decided to pay dividends, the part of the dividends exceeding 10 per cent of the equity capital shall lead to adjustment of the exercise price according to the following formula:

$$E2 = E1 - \frac{U - U_{max}}{A}$$

where:

E2 = the adjusted exercise price

E1 = the original exercise price

U = dividends paid out

U_{max} = 10 per cent of the equity capital, and

A = total number of shares in Ascendis Pharma

If the adjusted exercise price does not amount to a whole number, it shall be rounded down to the nearest whole number.

The equity capital that shall form the basis of the adjustment above is the equity capital stipulated in the Annual Report to be adopted at the General Meeting where dividends shall be approved before allocation hereof has been made in the Annual Report.

5.8 Other changes in Ascendis Pharma's capital position:

In the event of other changes in Ascendis Pharma's capital position causing changes to the financial value of warrants, warrants shall (save as provided above) be adjusted in order to ensure that the changes do not influence the financial value of the warrants.

The calculation method to be applied to the adjustment shall be decided by an external advisor appointed by the Board of Directors.

It is emphasized that increase or reduction of Ascendis Pharma's share capital at market price does not lead to an adjustment of the subscription price or the number of shares to be subscribed.

5.9 Winding-up:

Should Ascendis Pharma be liquidated, the vesting time for all non-exercised warrants shall be changed so that the Warrantholder may exercise his/her warrants in an extraordinary exercise period immediately preceding the relevant transaction.

5.10 Merger and split:

If Ascendis Pharma merges as the continuing company, warrants shall remain unaffected unless, in connection with the merger, the capital is increased at a price other than the market price and in that case warrants shall be adjusted in accordance with clause 5.5.

If Ascendis Pharma merges as the terminating company or is split, the continuing company may choose one of the following possibilities:

- The Warrantholder may exercise all non-exercised warrants (inclusive of warrants not yet vested) immediately before the merger/split, or
- New share instruments in the continuing company/companies of a corresponding financial pre-tax value shall replace the warrants. On split the continuing companies may decide in which company/companies the Warrantholders shall receive the new share instruments.

5.11 Sale and exchange of shares:

If more than 50 per cent of the share capital in Ascendis Pharma is sold or is part of a share swap, Ascendis Pharma may choose one of the following possibilities:

- The Warrantholder may exercise all non-exercised warrants that are not declared null and void (inclusive of warrants not yet vested) immediately before the sale/swap of shares. Furthermore, the Warrantholder shall undertake an obligation to sell the subscribed shares on the same conditions as the other shareholders (when selling).
- Share instruments in the acquiring company of a corresponding pre-tax value shall replace the issued warrants.

5.12 Common provisions regarding 5.9-5.11:

If one of the transactions mentioned above is made, Ascendis Pharma shall inform the Warrantholder hereof by written notice. Upon receipt of the written notice, the Warrantholder shall have 2 weeks – in cases where the Warrantholder may extraordinarily exercise warrants, see 5.9-5.11 – to inform Ascendis Pharma in writing whether he/she will make use of the offer. If the Warrantholder has not answered Ascendis Pharma in writing within the limit of 2 weeks or fails to pay within the fixed time, warrants shall become null and void without further notice or compensation.

The Warrantholder's rights in connection with decisions made by any competent company body, see clause 5.9-5.11, shall be contingent on subsequent registration of the relevant decision with the Danish Business Authority provided that registration is a condition of its validity.

6. Stock Exchange listing

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7. Transfer, pledge and enforcement

7.1 Issued warrants shall not be subject to charging orders, transfer of any kind, including in connection with division of property on divorce or legal separation, for ownership or as security without the consent of the Board of Directors. The Warrantholder's warrants may, however, be transferred to the Warrantholder's spouse/cohabitant and/or issue in the event of the Warrantholder's death. It is a condition precedent that the recipient signs the at any time applicable shareholders' agreement.

8. Subscription for new shares by exercise of warrants

- 8.1** Subscription for new shares by exercise of issued warrants must be made through submission by the Warrantholder no later than the last day of the relevant exercise period at 16:00 CET to Ascendis Pharma of an exercise notice drafted by Ascendis Pharma. The exercise notice shall be filled in with all information. The company must have received the exercise price for the new shares, payable as a cash contribution, by the last day of the relevant exercise period.
- 8.2** If the limitation period set forth in clause 8.1 expires as a result of Ascendis Pharma not having received the filled-in exercise notice or the payment by 16:00 of the last day of the exercise period, the subscription shall be deemed invalid, and in this situation the Warrantholder shall not be considered as having exercised his/her warrants for a possible subsequent exercise period.
- 8.3** Warrants not exercised by the Warrantholder during the last exercise period shall become null and void without notice or compensation.
- 8.4** When the capital increase caused by exercise of warrants has been registered with the Danish Business Authority, the Warrantholder shall receive proof of his shareholding in Ascendis Pharma.

9. The rights of new ordinary shares

- 9.1** New shares subscribed for by exercise of issued warrants shall in every respect have the same rights as the present shares in Ascendis Pharma in accordance with the Articles of Association for Ascendis Pharma in force from time to time. For the time being, the following shall apply:
- That Ascendis Pharma's shareholders shall hold no pre-emptive rights to subscribe for warrants;
 - That Ascendis Pharma's shareholders shall hold no pre-emptive rights to subscribe for new shares issued on the basis of warrants;
 - That the face value of each share shall be DKK 1 or multiples hereof;
 - That the shares shall be non-negotiable instruments issued in the name of the holder and shall be registered in the name of the holder in Ascendis Pharma's register of owners;
 - That new shares issued as a result of exercise of warrants shall carry the right to dividend and other rights in Ascendis Pharma from the time of registration of the capital increase with the Danish Business Authority.

- 9.2** Ascendis Pharma shall pay all costs connected with granting of warrants and later exercise thereof. Ascendis Pharma's costs in connection with issue of warrants and the related capital increase are estimated to DKK 50,000.
- 10.** Sale of shares
[Intentionally left blank]
- 11.** Other provisions
- 11.1** The value attached to the subscription right shall not be included in the Warrantholder's salary, and any agreement made between the Warrantholder and Ascendis Pharma regarding pension or the like shall therefore not include the value of the Warrantholder's warrants.
- 11.2** If a relevant authority should establish that the issuance and/or exercise of warrants shall be considered a salary allowance with the consequence that Ascendis Pharma shall pay holiday allowance or the like to the Warrantholder on the basis of the value of warrants, the subscription price shall be increased in order to compensate Ascendis Pharma for the amounts that have been paid to the Warrantholder in the form of holiday allowance or the like.
- 11.3** The fact that Ascendis Pharma offers warrants to Warrantholders shall not in any way obligate Ascendis Pharma to maintain the employment.
- 12.** Tax implications
- 12.1** The tax implications connected to the Warrantholder's subscription for or exercise of warrants shall be of no concern to Ascendis Pharma.
- 13.** Governing Law and Venue
- 13.1** Acceptance of warrants, the terms and conditions thereto and the exercise, and terms and conditions for future subscription for shares in Ascendis Pharma shall be governed by Danish law.

- 13.2** Any disagreement between the Warrantholder and Ascendis Pharma in relation to the understanding or implementation of the warrant scheme shall be settled amicably by negotiation between the parties.
- 13.3** If the parties fail to reach consensus, any disputes shall be settled in accordance with “Rules for hearing of cases in the Copenhagen Arbitration”. The Copenhagen Arbitration shall appoint one arbitrator who shall settle the dispute according to Danish law.
- 13.4** In the event of discrepancies between the English and the Danish text the Danish text shall prevail.

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Appendix 3 to the Articles of Association of Ascendis Pharma A/S

The company's board of directors has in accordance with authorization granted by the company's shareholders granted warrants as set forth below and has on the grant date also resolved the capital increase(s) of the company's share capital related to the exercise of the warrants granted.

Each warrant confers the right to subscribe one share of DKK 1 nom. value in the company against cash payment of the exercise price per share of DKK 1 nom. value subscribed.

All numbers are shown adjusted following the bonus share issuance on 13 January 2015 in the ratio of 1:3.

<u>DATE OF GRANT</u>	<u>NUMBER OF WARRANTS</u>	<u>EXERCISE PRICE PER WARRANT</u>	<u>APPLICABLE EXHIBIT</u>	<u>ANNULLED WARRANTS</u>
10. september 2008	623.880	€2,6483/DKK 19,7491	1	
19. march 2009	331.020	€2,6483/DKK 19,7332	1	
9. december 2009	170.908	€2.6438 DKK 19,7072	1	332
13. december 2011	58.000	€7,9962/DKK 59,4644	1	1.832
8. oktober 2012	66.000	€7,9962/DKK 59,6267	1	
3. december 2012	690.604	€7,9962/DKK 59,6531	2	
19. march 2013	28.400	€7,9962/DKK 59,6507	2	
27. june 2013	87.488	€7,9962/DKK 59,6459	2	
24. september 2013	56.000	€7,9962/DKK 59,6283	2	17.416
5. december 2013	12.000	€7,9962/DKK 59,6483	2	
16. januar 2014	132.592	€7,9962/DKK 59,6675	2	
6. march 2014	28.000	€7,9962/DKK 59,6731	2	
19. june 2014	168.008	€7,9962/DKK 59,6227	2	
TOTAL	<u>2.452.900</u>			<u>19.580</u>

The warrants granted vest as follows:

<u>DATE OF GRANT</u>	<u>VESTING</u>
10. september 2008	1/36 per month from 1 January 2008 with respect to 377,500 warrants, 1/36 per month from 1 February 2008 with respect to 6,000 warrants, 1/36 per month from 1 May 2008 with respect to 6,000 warrants, 1/36 per month from 1 June 2008 with respect to 6,000 warrants, 1/36 per month from 16 May 2008 with respect to 6,000 warrants, 1/36 per month from 1 July 2008 with respect to 8,000 warrants, 1/36 per month from 1 September 2008 with respect to 2,000 warrants, 1/36 per month from 1 April 2008 with respect to 30,352 warrants, 1/36 per month from 14 April 2008 with respect to 136,576 warrants and 1/24 per month from 1 September 2008 with respect to 46,544 warrants.

19. march 2009	1/36 per month from 10 December 2009 with respect to 234,112 warrants, 1/36 per month from 19 March 2009 with respect to 6,000 warrants and by 1/24 per month from 19 March 2009 with respect to 90,908 warrants.
9 december 2009	1/36 per month from September 16, 2009 with respect to 30,000 warrants, 1/36 per month from December 9, 2009 with respect to 95,452 warrants and by 1/24 per month from December 9, 2009 with respect to 45,456 warrants.
13. december 2011	1/36 per month from December 13, 2011.
8. october 2012	1/36 per month from October 8, 2012.
3. december 2012	1/48 per month from December 3, 2012 with respect to 665,188 warrants and by 1/48 per month from October 1, 2012 with respect to 25.416 warrants.
19. march 2013	The warrants vest by 1/48 per month from March 19, 2013.
27. june 2013	The warrants vest by 1/48 per month from June 27, 2013.
24. september 2013	The warrants vest by 1/48 per month from September 24, 2013.
5. december 2013	The warrants vest by 1/48 per month from December 5, 2013.
16. january 2014	The warrants vest by 1/48 per month from January 16, 2014.
6. march 2014	The warrants vest by 1/48 per month from March 6, 2014.
19. june 2014	The warrants vest by 1/48 per month from June 19, 2014.

ASCENDIS PHARMA A/S

AND

THE BANK OF NEW YORK MELLON

As Depositary

AND

OWNERS AND HOLDERS OF AMERICAN DEPOSITARY SHARES

Deposit Agreement

Dated as of _____, 2015

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DEPOSIT AGREEMENT

DEPOSIT AGREEMENT dated as of _____, 2015 among ASCENDIS PHARMA A/S, a company incorporated under the laws of Denmark (herein called the Company), THE BANK OF NEW YORK MELLON, a New York banking corporation (herein called the Depository), and all Owners and Holders (each as hereinafter defined) from time to time of American Depositary Shares issued hereunder.

WITNESSETH:

WHEREAS, the Company desires to provide, as hereinafter set forth in this Deposit Agreement, for the deposit of Shares (as hereinafter defined) of the Company from time to time with the Depository or with the Custodian (as hereinafter defined) as agent of the Depository for the purposes set forth in this Deposit Agreement, for the creation of American Depositary Shares representing the Shares so deposited and for the execution and delivery of American Depositary Receipts evidencing the American Depositary Shares; and

WHEREAS, the American Depositary Receipts are to be substantially in the form of Exhibit A annexed hereto, with appropriate insertions, modifications and omissions, as hereinafter provided in this Deposit Agreement;

NOW, THEREFORE, in consideration of the premises, it is agreed by and between the parties hereto as follows:

ARTICLE 1. DEFINITIONS

The following definitions shall for all purposes, unless otherwise clearly indicated, apply to the respective terms used in this Deposit Agreement:

SECTION 1.1 American Depositary Shares.

The term "American Depositary Shares" shall mean the securities created under this Deposit Agreement representing rights with respect to the Deposited Securities. American Depositary Shares may be certificated securities evidenced by Receipts or uncertificated securities. The form of Receipt annexed as Exhibit A to this Deposit Agreement shall be the prospectus required under the Securities Act of 1933 for sales of both certificated and uncertificated American Depositary Shares. Except for those provisions of this Deposit Agreement that refer specifically to Receipts, all the provisions of this Deposit Agreement shall apply to both certificated and uncertificated American Depositary Shares. Each American Depositary Share shall represent the number of Shares specified in Exhibit A to this Deposit Agreement, until there shall occur a distribution upon Deposited Securities covered by Section 4.3 or a change in Deposited Securities covered by Section 4.8 with respect to which additional American Depositary Shares are not delivered, and thereafter American Depositary Shares shall represent the amount of Shares or Deposited Securities specified in such Sections.

SECTION 1.2 Commission.

The term “Commission” shall mean the Securities and Exchange Commission of the United States or any successor governmental agency in the United States.

SECTION 1.3 Company.

The term “Company” shall mean Ascendis Pharma A/S, a company organized under the laws of Denmark, and its successors.

SECTION 1.4 Custodian.

The term “Custodian” shall mean the London Branch of The Bank of New York Mellon, as agent of the Depository for the purposes of this Deposit Agreement, and any other firm or corporation which may hereafter be appointed by the Depository pursuant to the terms of Section 5.5, as successor, substitute or additional custodian or custodians hereunder, as the context shall require and the term “Custodian” shall also mean all of them, collectively.

SECTION 1.5 Deliver; Surrender.

(a) The term “deliver”, or its noun form, when used with respect to Shares or other Deposited Securities, shall mean recordation of transfer of such Shares or other Deposited Securities in the share or other relevant register of the Company in the name of the person entitled to that delivery or, in the case of other Deposited Securities that are not in the form of securities of the Company, shall mean delivery of such Deposited Securities in such a way as is necessary under applicable law to effect transfers of such Deposited Securities to the person entitled to that delivery, including, without limitation, (i) book-entry transfer of those Shares or other Deposited Securities to an account maintained by an institution authorized under applicable law to effect transfers of such securities designated by the person entitled to that delivery, or (ii) physical transfer of certificates evidencing those Shares or other Deposited Securities registered in the name of, or duly endorsed or accompanied by proper instruments of transfer to, the person entitled to that delivery.

(b) The term “deliver”, or its noun form, when used with respect to American Depositary Shares, shall mean (i) book-entry transfer of American Depositary Shares to an account at DTC designated by the person entitled to such delivery, evidencing American Depositary Shares registered in the name requested by that person, (ii) registration of American Depositary Shares not evidenced by a Receipt on the books of the Depository in the name requested by the person entitled to such delivery and

mailing to that person of a statement confirming such registration or (iii) if requested by the person entitled to such delivery, delivery at the Corporate Trust Office of the Depository to the person entitled to such delivery of one or more Receipts.

(c) The term “surrender”, when used with respect to American Depositary Shares, shall mean (i) one or more book-entry transfers of American Depositary Shares to the DTC account of the Depository, (ii) delivery to the Depository at its Corporate Trust Office of an instruction to surrender American Depositary Shares not evidenced by a Receipt or (iii) surrender to the Depository at its Corporate Trust Office of one or more Receipts evidencing American Depositary Shares.

SECTION 1.6 Deposit Agreement.

The term “Deposit Agreement” shall mean this Deposit Agreement, as the same may be amended from time to time in accordance with the provisions hereof.

SECTION 1.7 Depository; Corporate Trust Office.

The term “Depository” shall mean The Bank of New York Mellon, a New York banking corporation, and any successor as depository hereunder. The term “Corporate Trust Office”, when used with respect to the Depository, shall mean the office of the Depository which at the date of this Deposit Agreement is 101 Barclay Street, New York, New York 10286.

SECTION 1.8 Deposited Securities.

The term “Deposited Securities” as of any time shall mean Shares at such time deposited or deemed to be deposited under this Deposit Agreement, including without limitation Shares that have not been successfully delivered upon surrender of American Depositary Shares, and any and all other securities, property and cash received by the Depository or the Custodian in respect thereof and at such time held under this Deposit Agreement, subject as to cash to the provisions of Section 4.5.

SECTION 1.9 Dollars.

The term “Dollars” shall mean United States dollars.

SECTION 1.10 DTC.

The term “DTC” shall mean The Depository Trust Company or its successor.

SECTION 1.11 Foreign Registrar.

The term “Foreign Registrar” shall mean the entity that presently carries out the duties of registrar for the Shares or any successor as registrar for the Shares and any other agent of the Company for the transfer and registration of Shares, including without limitation any securities depository for the Shares.

SECTION 1.12 Holder.

The term “Holder” shall mean any person holding a Receipt or a security entitlement or other interest in American Depositary Shares, whether for its own account or for the account of another person, but that is not the Owner of that Receipt or those American Depositary Shares.

SECTION 1.13 Owner.

The term “Owner” shall mean the person in whose name American Depositary Shares are registered on the books of the Depositary maintained for such purpose.

SECTION 1.14 Receipts.

The term “Receipts” shall mean the American Depositary Receipts issued hereunder evidencing certificated American Depositary Shares, as the same may be amended from time to time in accordance with the provisions hereof.

SECTION 1.15 Registrar.

The term “Registrar” shall mean any bank or trust company having an office in the Borough of Manhattan, The City of New York, that is appointed by the Depositary to register American Depositary Shares and transfers of American Depositary Shares as herein provided.

SECTION 1.16 Restricted Securities.

The term “Restricted Securities” shall mean Shares, or American Depositary Shares representing Shares, that are acquired directly or indirectly from the Company or its affiliates (as defined in Rule 144 under the Securities Act of 1933) in a transaction or chain of transactions not involving any public offering, or that are subject to resale limitations under Regulation D under the Securities Act of 1933 or both, or which are held directly or indirectly by an officer, director (or persons performing similar functions) or other affiliate of the Company, or that would require registration under the Securities Act of 1933 in connection with the offer and sale thereof in the United States, or that are subject to other restrictions on sale or deposit under the laws of the United States or Denmark, or under a shareholder agreement or the articles of association or similar document of the Company.

SECTION 1.17 Securities Act of 1933.

The term "Securities Act of 1933" shall mean the United States Securities Act of 1933, as from time to time amended.

SECTION 1.18 Shares.

The term "Shares" shall mean ordinary shares of the Company that are validly issued and outstanding and fully paid, nonassessable and that were not issued in violation of any pre-emptive or similar rights of the holders of outstanding securities of the Company; provided, however, that, if there shall occur any change in nominal value, a split-up or consolidation or any other reclassification or, upon the occurrence of an event described in Section 4.8, an exchange or conversion in respect of the Shares of the Company, the term "Shares" shall thereafter also mean the successor securities resulting from such change in nominal value, split-up or consolidation or such other reclassification or such exchange or conversion.

ARTICLE 2. FORM OF RECEIPTS, DEPOSIT OF SHARES, DELIVERY, TRANSFER AND SURRENDER OF AMERICAN DEPOSITARY SHARES

SECTION 2.1 Form of Receipts; Registration and Transferability of American Depositary Shares.

Definitive Receipts shall be substantially in the form set forth in Exhibit A annexed to this Deposit Agreement, with appropriate insertions, modifications and omissions, as hereinafter provided. No Receipt shall be entitled to any benefits under this Deposit Agreement or be valid or obligatory for any purpose, unless such Receipt shall have been (i) executed by the Depositary by the manual signature of a duly authorized officer of the Depositary or (ii) executed by the facsimile signature of a duly authorized officer of the Depositary and countersigned by the manual signature of a duly authorized signatory of the Depositary or a Registrar. The Depositary shall maintain books on which (x) each Receipt so executed and delivered as hereinafter provided and the transfer of each such Receipt shall be registered and (y) all American Depositary Shares delivered as hereinafter provided and all registrations of transfer of American Depositary Shares shall be registered. A Receipt bearing the facsimile signature of a person that was at any time a proper officer of the Depositary shall, subject to the other provisions of this paragraph, bind the Depositary, notwithstanding that such person was not a proper officer of the Depositary on the date of issuance of that Receipt.

The Receipts may be endorsed with or have incorporated in the text thereof such legends or recitals or modifications not inconsistent with the provisions of this Deposit Agreement as may be required by the Depositary or required to comply with any applicable law or regulations thereunder or with the rules and regulations of any securities exchange upon which American Depositary Shares may be listed or to conform with any usage with respect thereto, or to indicate any special limitations or restrictions to which any particular Receipts are subject by reason of the date of issuance of the underlying Deposited Securities or otherwise.

American Depositary Shares evidenced by a Receipt, when properly endorsed or accompanied by proper instruments of transfer, shall be transferable as certificated registered securities under the laws of the State of New York. American Depositary Shares not evidenced by Receipts shall be transferable as uncertificated registered securities under the laws of the State of New York. The Depositary, notwithstanding any notice to the contrary, may treat the Owner of American Depositary Shares as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in this Deposit Agreement and for all other purposes, and neither the Depositary nor the Company shall have any obligation or be subject to any liability under this Deposit Agreement to any Holder of American Depositary Shares unless that Holder is the Owner of those American Depositary Shares.

SECTION 2.2 Deposit of Shares.

Subject to the terms and conditions of this Deposit Agreement, Shares or evidence of rights to receive Shares may be deposited by delivery thereof to any Custodian hereunder, accompanied by any appropriate instruments or instructions for transfer, or endorsement, in form satisfactory to the Custodian, together with all such certifications as may reasonably be required by the Depositary or the Custodian in accordance with the provisions of this Deposit Agreement, and, if the Depositary reasonably requires, together with a written order directing the Depositary to deliver to, or upon the written order of, the person or persons stated in such order, the number of American Depositary Shares representing such deposit.

No Share shall be accepted for deposit unless accompanied by evidence satisfactory to the Depositary that any necessary approval, exemption or derogation has been granted by any governmental body in each applicable jurisdiction that is then performing the function of the regulation of currency exchange. If required by the Depositary, Shares presented for deposit at any time, whether or not the transfer books of the Company or the Foreign Registrar, if applicable, are closed, shall also be accompanied by an agreement or assignment, or other instrument reasonably satisfactory to the Depositary, which will provide for the prompt transfer to the Custodian of any dividend, or right to subscribe for additional Shares or to receive other property which any person in whose name the Shares are or have been recorded may thereafter receive upon or in respect of such deposited Shares, or in lieu thereof, such agreement of indemnity or other agreement as shall be reasonably satisfactory to the Depositary.

The Depositary and the Custodian shall refuse to accept Shares for deposit if the Depositary has received a notice from the Company that the Company has restricted transfer of those Shares under the Company's Articles of Association or any applicable laws or that the deposit would result in any violation of the Company's Articles of Association or any applicable laws. The Company shall notify the Depositary in writing with respect to any restrictions on transfer of its Shares for deposit under this Deposit Agreement.

At the request and risk and expense of any person proposing to deposit Shares, and for the account of such person, the Depositary may receive certificates for Shares or receive Shares by way of Share registration with the Transfer Agent and Registrar to be deposited, together with the other instruments herein specified, for the purpose of forwarding such Share certificates to the Custodian for deposit hereunder.

Upon each delivery to a Custodian of a certificate or certificates for Shares to be deposited hereunder, together with the other documents specified above, such Custodian shall, as soon as transfer and recordation can be accomplished, present such certificate or certificates to the Company or the Foreign Registrar, if applicable, for transfer and recordation of the Shares being deposited in the name of the Depositary or its nominee or such Custodian or its nominee.

Deposited Securities shall be held by the Depositary or by a Custodian for the account and to the order of the Depositary or at such other place or places as the Depositary shall determine.

SECTION 2.3 Delivery of American Depositary Shares.

Upon receipt by any Custodian of any deposit pursuant to Section 2.2 hereunder, together with the other documents required as specified above, such Custodian shall notify the Depositary of such deposit and the person or persons to whom or upon whose written order American Depositary Shares are deliverable in respect thereof and the number of American Depositary Shares to be so delivered. Such notification shall be made by letter or, at the request, risk and expense of the person making the deposit, by cable, telex or facsimile transmission (and in addition, if the transfer books of the Company or the Foreign Registrar, if applicable, are open, the Depositary may in its sole discretion require a proper acknowledgment or other evidence from the Company or the Foreign Registrar that any Deposited Securities have been recorded upon the books of the Company or the Foreign Registrar, if applicable, in the name of the Depositary or its nominee or such Custodian or its nominee). Upon receiving such notice from such Custodian, or upon the receipt of Shares or evidence of the right to receive Shares by the Depositary, the Depositary, subject to the terms and conditions of this Deposit Agreement, shall deliver, to or upon the order of the person or persons entitled thereto, the number of American Depositary Shares issuable in respect of that deposit, but only upon payment to the Depositary of the fees and expenses of the Depositary for the delivery of such American Depositary Shares as provided in Section 5.9, and of all taxes and governmental charges and fees payable in connection with such deposit and the transfer of the Deposited Securities.

SECTION 2.4 Registration of Transfer of American Depositary Shares; Combination and Split-up of Receipts; Interchange of Certificated and Uncertificated American Depositary Shares.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall register transfers of American Depositary Shares on its transfer books from time to time, upon (i) in the case of certificated American Depositary Shares, surrender of the Receipt evidencing those American Depositary Shares, by the Owner in person or by a duly authorized attorney, properly endorsed or accompanied by proper instruments of transfer or (ii) in the case of uncertificated American Depositary Shares, receipt from the Owner of a proper instruction (including, for the avoidance of doubt, instructions through DRS and Profile as provided in Section 2.10), and, in either case, duly stamped as may be required by the laws of the State of New York and of the United States of America. Thereupon the Depositary shall deliver those American Depositary Shares to or upon the order of the person entitled thereto.

The Depositary, subject to the terms and conditions of this Deposit Agreement, shall upon surrender of a Receipt or Receipts for the purpose of effecting a split-up or combination of such Receipt or Receipts, execute and deliver a new Receipt or Receipts for any authorized number of American Depositary Shares requested, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered.

The Depositary, upon surrender of certificated American Depositary Shares for the purpose of exchanging for uncertificated American Depositary Shares, shall cancel those certificated American Depositary Shares and send the Owner a statement confirming that the Owner is the owner of the same number of uncertificated American Depositary Shares. The Depositary, upon receipt of a proper instruction (including, for the avoidance of doubt, instructions through DRS and Profile as provided in Section 2.10) from the Owner of uncertificated American Depositary Shares for the purpose of exchanging for certificated American Depositary Shares, shall cancel those uncertificated American Depositary Shares and deliver to the Owner the same number of certificated American Depositary Shares.

The Depositary may appoint one or more co-transfer agents for the purpose of effecting registration of transfers of American Depositary Shares and combinations and split-ups of Receipts at designated transfer offices on behalf of the Depositary. In carrying out its functions, a co-transfer agent may require evidence of authority and compliance with applicable laws and other requirements by Owners or persons entitled to American Depositary Shares and will be entitled to protection and indemnity to the same extent as the Depositary.

SECTION 2.5 Surrender of American Depositary Shares and Withdrawal of Deposited Securities.

Upon surrender at the Corporate Trust Office of the Depositary of American Depositary Shares for the purpose of withdrawal of the Deposited Securities represented thereby, and upon payment of the fee of the Depositary for the surrender of American Depositary Shares as provided in Section 5.9 and payment of all taxes and governmental charges payable in connection with such surrender and withdrawal of the Deposited Securities, and subject to the terms and conditions of this Deposit Agreement and applicable law, the Owner of those American Depositary Shares shall be entitled to delivery, to him or as instructed, of the amount of Deposited Securities at the time represented by those American Depositary Shares. Such delivery shall be made, as hereinafter provided, without unreasonable delay.

A Receipt surrendered for such purposes may be required by the Depositary to be properly endorsed in blank or accompanied by proper instruments of transfer in blank. The Depositary may require the surrendering Owner to execute and deliver to the Depositary a written order directing the Depositary to cause the Deposited Securities being withdrawn to be delivered to or upon the written order of a person or persons designated in such order. Thereupon the Depositary shall direct the Custodian to deliver at the office of such Custodian, subject to Sections 2.6, 3.1 and 3.2 and to the other terms and conditions of this Deposit Agreement, to or upon the written order of the person or persons designated in the order delivered to the Depositary as above provided, the amount of Deposited Securities represented by the surrendered American Depositary Shares, except that the Depositary may make delivery to such person or persons at the Corporate Trust Office of the Depositary of any dividends or distributions with respect to the Deposited Securities represented by those American Depositary Shares, or of any proceeds of sale of any dividends, distributions or rights, which may at the time be held by the Depositary.

At the request, risk and expense of any Owner so surrendering American Depositary Shares, and for the account of such Owner, the Depositary shall direct the Custodian to forward any cash or other property (other than rights) comprising, and forward a certificate or certificates, if applicable, and other proper documents of title for, the Deposited Securities represented by the surrendered American Depositary Shares to the Depositary for delivery at the Corporate Trust Office of the Depositary. Such direction shall be given by letter or, at the request, risk and expense of such Owner, by cable, telex or facsimile transmission.

Neither the Depositary nor the Custodian shall deliver Shares (other than to the Company or its agent as contemplated by Section 4.08), or otherwise permit Shares to be withdrawn from the facility created hereby, except upon the surrender of American Depositary Shares or in connection with a sale permitted under Section 3.2, 4.3, 4.11 or 6.2 of this Agreement.

SECTION 2.6 Limitations on Delivery, Transfer and Surrender of American Depositary Shares.

As a condition precedent to the delivery, registration of transfer or surrender of any American Depositary Shares or split-up or combination of any Receipt or withdrawal of any Deposited Securities, the Depositary, Custodian or Registrar may require payment from the depositor of Shares or the presenter of the Receipt or instruction for registration of transfer or surrender of American Depositary Shares not evidenced by a Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as herein provided, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depositary may establish consistent with the provisions of this Deposit Agreement, including, without limitation, this Section 2.6.

The delivery of American Depositary Shares against deposit of Shares generally or against deposit of particular Shares may be suspended, or the transfer of American Depositary Shares in particular instances may be refused, or the registration of transfer of outstanding American Depositary Shares generally may be suspended, during any period when the transfer books of the Depositary are closed, or if any such action is deemed necessary or advisable by the Depositary or the Company at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of this Deposit Agreement, or for any other reason, subject to the provisions of the following sentence. Notwithstanding anything to the contrary in this Deposit Agreement, the surrender of outstanding American Depositary Shares and withdrawal of Deposited Securities may not be suspended subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the Foreign Registrar, if applicable, or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the American Depositary Shares or to the withdrawal of the Deposited Securities. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under this Deposit Agreement any Shares which would be required to be registered under the provisions of the Securities Act of 1933 for public offer and sale in the United States unless a registration statement is in effect as to such Shares for such offer and sale or an exemption from registration is available such that the American Depositary Shares may be transferred without restriction.

SECTION 2.7 Lost Receipts, etc.

In case any Receipt shall be mutilated, destroyed, lost or stolen, the Depositary shall deliver to the Owner the American Depositary Shares evidenced by that Receipt in uncertificated form or, if requested by the Owner, execute and deliver a new Receipt of like tenor in exchange and substitution for such mutilated Receipt, upon

cancellation thereof, or in lieu of and in substitution for such destroyed, lost or stolen Receipt. Before the Depositary shall deliver American Depositary Shares in uncertificated form or execute and deliver a new Receipt, in substitution for a destroyed, lost or stolen Receipt, the Owner thereof shall have (a) filed with the Depositary (i) a request for such execution and delivery before the Depositary has notice that the Receipt has been acquired by a bona fide purchaser and (ii) a sufficient indemnity bond and (b) satisfied any other reasonable requirements imposed by the Depositary.

SECTION 2.8 Cancellation and Destruction of Surrendered Receipts.

All Receipts surrendered to the Depositary shall be cancelled by the Depositary. The Depositary is authorized to destroy Receipts so cancelled.

SECTION 2.9 Pre-Release of American Depositary Shares.

Unless requested in writing by the Company to cease doing so, notwithstanding Section 2.3 hereof, the Depositary may deliver American Depositary Shares prior to the receipt of Shares pursuant to Section 2.2 (a "Pre-Release"). The Depositary may, pursuant to Section 2.5, deliver Shares upon the surrender of American Depositary Shares that have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release. The Depositary may receive American Depositary Shares in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation from the person to whom American Depositary Shares or Shares are to be delivered, that such person, or its customer, (i) beneficially owns the Shares or American Depositary Shares to be remitted, as the case may be, (ii) assigns all beneficial right, title and interest in such American Depositary Shares or Shares, as the case may be, to the Depositary in its capacity as such and for the benefit of the Owners and (iii) will not take any action with respect to such American Depositary Shares or Shares, as the case may be, that is inconsistent with the transfer of beneficial ownership (including, without the consent of the Depositary, disposing of such American Depositary Shares or Shares, as the case may be), other than in satisfaction of the Pre-Release, (b) at all times fully collateralized with cash or such other collateral as the Depositary deems appropriate, (c) terminable by the Depositary on not more than five (5) business days' notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of Shares represented by American Depositary Shares which are outstanding at any time as a result of Pre-Release will not normally exceed thirty percent (30%) of the Shares deposited hereunder; provided, however, that the Depositary reserves the right to disregard such limit from time to time as it reasonably deems appropriate and may, with the prior written consent of the Company, change that limit for purposes of general application. The Depositary will also set Dollar limits with respect to Pre-Release transactions with any particular Pre-Releasee on a case-by-case basis as the Depositary deems appropriate. The collateral referred to in item (b) above shall be held by the Depositary as security for the

performance of the Pre-Releasee's obligations in connection the related Pre-Release transaction, including the Pre-Releasee's obligation to deliver Shares or American Depositary Shares upon termination of that Pre-Release transaction (and shall not, for the avoidance of doubt, constitute Deposited Securities).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing.

SECTION 2.10 DTC Direct Registration System and Profile Modification System.

(a) Notwithstanding the provisions of Section 2.4, the parties acknowledge that the Direct Registration System ("DRS") and Profile Modification System ("Profile") shall apply to uncertificated American Depositary Shares upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC pursuant to which the Depositary may register the ownership of uncertificated American Depositary Shares, which ownership shall be evidenced by periodic statements issued by the Depositary to the Owners entitled thereto. Profile is a required feature of DRS which allows a DTC participant, claiming to act on behalf of an Owner of American Depositary Shares, to direct the Depositary to register a transfer of those American Depositary Shares to DTC or its nominee and to deliver those American Depositary Shares to the DTC account of that DTC participant without receipt by the Depositary of prior authorization from the Owner to register such transfer.

(b) In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties understand that the Depositary will not verify, determine or otherwise ascertain that the DTC participant which is claiming to be acting on behalf of an Owner in requesting a registration of transfer and delivery as described in subsection (a) has the actual authority to act on behalf of the Owner (notwithstanding any requirements under the Uniform Commercial Code). For the avoidance of doubt, the provisions of Sections 5.3 and 5.8 shall apply to the matters arising from the use of the DRS. The parties agree that the Depositary's reliance on and compliance with instructions received by the Depositary through the DRS/Profile System and in accordance with this Deposit Agreement shall not constitute negligence or bad faith on the part of the Depositary.

ARTICLE 3. CERTAIN OBLIGATIONS OF OWNERS AND HOLDERS OF AMERICAN DEPOSITARY SHARES

SECTION 3.1 Filing Proofs, Certificates and Other Information.

Any person presenting Shares for deposit or any Owner or Holder may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the

registration on the books of the Company or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper. The Depositary may withhold the delivery or registration of transfer of American Depositary Shares or the distribution of any dividend or sale or distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed or such certificates are executed or such representations and warranties made. If requested in writing by the Company, the Depositary will provide the Company, as promptly as reasonably practicable and at the Company's expense, with copies of any such proofs, certificates or other information that it receives pursuant to this Section 3.1, to the extent that disclosure is permitted under applicable law.

SECTION 3.2 Liability of Owner for Taxes.

If any tax or other governmental charge shall become payable by the Custodian or the Depositary with respect to any American Depositary Shares or any Deposited Securities represented by any American Depositary Shares, such tax or other governmental charge shall be payable by the Owner of such American Depositary Shares to the Depositary. The Depositary may refuse to register any transfer of those American Depositary Shares or any withdrawal of Deposited Securities represented by those American Depositary Shares until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the Owner thereof any part or all of the Deposited Securities represented by those American Depositary Shares, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the Owner of such American Depositary Shares shall remain liable for any deficiency.

SECTION 3.3 Warranties on Deposit of Shares.

Every person depositing Shares under this Deposit Agreement shall be deemed thereby to represent and warrant that such Shares and each certificate therefor, if applicable, are validly issued, fully paid, nonassessable and were not issued in violation of any preemptive rights of the holders of outstanding Shares and that the person making such deposit is duly authorized to make such deposit. Every such person shall also be deemed to represent that the deposit of such Shares and the sale of American Depositary Shares representing such Shares by that person are not restricted under the Securities Act of 1933. Such representations and warranties shall survive the deposit of Shares and delivery of American Depositary Shares.

SECTION 3.4 Disclosure of Interests.

The Company may from time to time request Owners or Holders or former Owners or Holders to provide information as to the capacity in which they hold or held American Depositary Shares and regarding the identity of any other persons then or previously interested in such American Depositary Shares and the nature of such interest

and various other matters. Each such Owner or Holder agrees to provide any such information reasonably requested by the Company or the Depositary pursuant to this Section 3.4 whether or not still an Owner or Holder at the time of such request. The Depositary agrees to use its reasonable efforts, at the Company's expense, to comply with written instructions received from the Company requesting that the Depositary forward any such requests to such Owners or Holders and to the last known address, if any, of such former Owners or Holders and to forward to the Company any responses to such requests received by the Depositary. However, nothing in this Section 3.4 shall be interpreted as obligating the Depositary to provide or obtain any such information not provided to the Depositary by such Owners or Holders or former Owners or Holders.

ARTICLE 4. THE DEPOSITED SECURITIES

SECTION 4.1 Cash Distributions.

Whenever the Depositary shall receive any cash dividend or other cash distribution on any Deposited Securities, the Depositary shall, as promptly as practicable, subject to the provisions of Section 4.5, convert such dividend or distribution into Dollars and shall distribute the amount thus received (net of the fees and expenses of the Depositary as provided in Section 5.9) to the Owners entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively; provided, however, that in the event that the Custodian, the Depositary or the Company shall be required by applicable law to withhold and does withhold from such cash dividend or such other cash distribution an amount on account of taxes or other governmental charges, the amount distributed to the Owner of the American Depositary Shares representing such Deposited Securities shall be reduced accordingly. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Owner a fraction of one cent. Any such fractional amounts shall be rounded to the nearest whole cent and so distributed to Owners entitled thereto. The Company or its agent will remit to the appropriate governmental agency in Denmark all amounts withheld and owing to such agency. The Depositary will, as promptly as practicable, forward to the Company or its agent such information from its records as the Company may reasonably request to enable the Company or its agent to file necessary reports with governmental agencies.

SECTION 4.2 Distributions Other Than Cash, Shares or Rights.

Subject to the provisions of Sections 4.11 and 5.9, whenever the Depositary shall receive any distribution other than a distribution described in Section 4.1, 4.3 or 4.4, the Depositary shall cause the securities or property received by it to be distributed to the Owners entitled thereto, after deduction or upon payment of any fees and expenses of the Depositary or any taxes or other governmental charges, imposed under applicable law, in proportion to the number of American Depositary Shares

representing such Deposited Securities held by them respectively, in any manner that the Depositary may deem equitable and practicable for accomplishing such distribution; provided, however, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Owners entitled thereto, or if for any other reason (including, but not limited to, any requirement under applicable law that the Company or the Depositary withhold an amount on account of taxes or other governmental charges or that such securities must be registered under the Securities Act of 1933 in order to be distributed to Owners or Holders) the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the securities or property thus received, or any part thereof, and the net proceeds of any such sale (net of the fees and expenses of the Depositary as provided in Section 5.9) shall be distributed by the Depositary to the Owners entitled thereto, all in the manner and subject to the conditions described in Section 4.1. The Depositary may withhold any distribution of securities under this Section 4.2 if it has not received satisfactory assurances from the Company that the distribution does not require registration under the Securities Act of 1933. The Depositary may sell, by public or private sale, an amount of securities or other property it would otherwise distribute under this Section 4.2 that is sufficient to pay its fees and expenses in respect of that distribution.

SECTION 4.3 Distributions in Shares.

If any distribution upon any Deposited Securities consists of a dividend in, or free distribution of, Shares, the Depositary may, and shall if the Company shall so request in writing, deliver to the Owners entitled thereto, in proportion to the number of American Depositary Shares representing such Deposited Securities held by them respectively, an aggregate number of American Depositary Shares representing the amount of Shares received as such dividend or free distribution, subject to the terms and conditions of the Deposit Agreement with respect to the deposit of Shares and after deduction or upon issuance of American Depositary Shares, including the withholding of any tax or other governmental charge as provided in Section 4.11 and the payment of the fees and expenses of the Depositary as provided in Section 5.9 (and the Depositary may sell, by public or private sale, an amount of the Shares received sufficient to pay its fees and expenses in respect of that distribution). The Depositary may withhold any such delivery of American Depositary Shares if it has not received satisfactory assurances from the Company that such distribution does not require registration under the Securities Act of 1933. In lieu of delivering fractional American Depositary Shares in any such case, the Depositary shall sell the amount of Shares represented by the aggregate of such fractions and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.1. If additional American Depositary Shares are not so delivered, each American Depositary Share shall thenceforth also represent the additional Shares distributed upon the Deposited Securities represented thereby.

SECTION 4.4 Rights.

In the event that the Company shall offer or cause to be offered to the holders of any Deposited Securities any rights to subscribe for additional Shares or any rights of any other nature, the Depositary shall, after consultation with the Company, to the extent practicable, have discretion as to the procedure to be followed in making such rights available to any Owners or in disposing of such rights on behalf of any Owners and making the net proceeds available to such Owners or, if by the terms of such rights offering or for any other reason, the Depositary may not either make such rights available to any Owners or dispose of such rights and make the net proceeds available to such Owners, then the Depositary shall allow the rights to lapse. If at the time of the offering of any rights the Depositary determines in its discretion that it is lawful and feasible to make such rights available to all or certain Owners but not to other Owners, the Depositary may distribute to any Owner to whom it determines the distribution to be lawful and feasible, in proportion to the number of American Depositary Shares held by such Owner, warrants or other instruments therefor in such form as it deems appropriate.

In circumstances in which rights would otherwise not be distributed, if an Owner requests the distribution of warrants or other instruments in order to exercise the rights allocable to the American Depositary Shares of such Owner hereunder, the Depositary will make such rights available to such Owner upon written notice from the Company to the Depositary that (a) the Company has elected in its sole discretion to permit such rights to be exercised and (b) such Owner has executed such documents as the Company has determined in its sole discretion are reasonably required under applicable law.

If the Depositary has distributed warrants or other instruments for rights to all or certain Owners, then upon instruction from such an Owner pursuant to such warrants or other instruments to the Depositary from such Owner to exercise such rights, upon payment by such Owner to the Depositary for the account of such Owner of an amount equal to the purchase price of the Shares to be received upon the exercise of the rights, and upon payment of the fees and expenses of the Depositary and any other charges as set forth in such warrants or other instruments, the Depositary shall, on behalf of such Owner, exercise the rights and purchase the Shares, and the Company shall cause the Shares so purchased to be delivered to the Depositary on behalf of such Owner. As agent for such Owner, the Depositary will cause the Shares so purchased to be deposited pursuant to Section 2.2, and shall, pursuant to Section 2.3, deliver American Depositary Shares to such Owner. In the case of a distribution pursuant to the second paragraph of this Section, such deposit shall be made, and depositary shares shall be delivered, under depositary arrangements which provide for issuance of depositary shares subject to the appropriate restrictions on sale, deposit, cancellation, and transfer under applicable United States laws.

If the Depositary determines in its reasonable discretion that it is not lawful and feasible to make such rights available to all or certain Owners, it may sell the rights, warrants or other instruments in proportion to the number of American Depositary Shares held by the Owners to whom it has determined it may not lawfully or feasibly make such rights available, and allocate the net proceeds of such sales (net of the fees and expenses of the Depositary as provided in Section 5.9 and all taxes and governmental charges payable in connection with such rights and subject to the terms and conditions of this Deposit Agreement) for the account of such Owners otherwise entitled to such rights, warrants or other instruments, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any American Depositary Shares or otherwise.

The Depositary will not offer rights to Owners unless both the rights and the securities to which such rights relate are either exempt from registration under the Securities Act of 1933 with respect to a distribution to all Owners or are registered under the provisions of such Act; provided, that nothing in this Deposit Agreement shall create any obligation on the part of the Company to file a registration statement with respect to such rights or underlying securities or to endeavor to have such a registration statement declared effective. If an Owner requests the distribution of warrants or other instruments, notwithstanding that there has been no such registration under the Securities Act of 1933, the Depositary shall not effect such distribution unless it has received an opinion from recognized counsel in the United States for the Company upon which the Depositary may rely that such distribution to such Owner is exempt from such registration provided, however, that any opinion requested by an Owner to be delivered by the Company's counsel shall be prepared by the Company's counsel at the Owner's expense.

The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Owners in general or any Owner in particular.

SECTION 4.5 Conversion of Foreign Currency.

Whenever the Depositary or the Custodian shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary shall, as promptly as practicable, convert or cause to be converted by sale or in any other manner that it may determine such foreign currency into Dollars, and such Dollars shall be distributed to the Owners entitled thereto or, if the Depositary shall have distributed any warrants or other instruments which entitle the holders thereof to such Dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners on account of exchange restrictions, the date of

delivery of any American Depositary Shares or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.9.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depositary shall file such application for approval or license, if any, as it may deem desirable.

If at any time the Depositary shall determine that in its judgment any foreign currency received by the Depositary or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof which is required for such conversion is denied or in the opinion of the Depositary is not obtainable, or if any such approval or license is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any such conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depositary may in its discretion make such conversion and distribution in Dollars to the extent permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold such balance uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled thereto.

SECTION 4.6 Fixing of Record Date.

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be issued with respect to the Deposited Securities, or whenever the Depositary shall receive notice of any meeting of holders of Shares or other Deposited Securities, or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each American Depositary Share, or whenever the Depositary shall find it necessary or convenient, the Depositary shall fix a record date (the "Record Date") (a) for the determination of the Owners who shall be (i) entitled to receive such dividend, distribution or rights or the net proceeds of the sale thereof, (ii) entitled to give instructions for the exercise of voting rights at any such meeting or (iii) responsible for any fee or charge assessed by the Depositary pursuant to this Deposit Agreement, or (b) on or after which each American Depositary Share will represent the changed number of Shares. Subject to the provisions of Sections 4.1 through 4.5 and to the other terms and conditions of this Deposit Agreement, the Owners on such Record Date shall be entitled, as the case may be, to receive the amount distributable by the Depositary with respect to such dividend or other distribution or such rights or the net proceeds of sale thereof in proportion to the number of American Depositary Shares held by them respectively and to give voting instructions and to act in respect of any other such matter.

SECTION 4.7 Voting of Deposited Securities.

Upon receipt of notice of any meeting or solicitation of proxies or consents of holders of Shares or other Deposited Securities, if requested in writing by the Company, the Depositary shall, as soon as practicable thereafter, mail to the Owners a notice, the form of which notice shall be in the sole discretion of the Depositary, which shall contain (a) such information (including, without limitation, solicitation materials) as is contained in such notice of meeting received by the Depositary from the Company, (b) a statement that the Owners as of the close of business on a specified record date will be entitled, subject to any applicable provision of Danish law and of the articles of association or similar documents of the Company, to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the amount of Shares or other Deposited Securities represented by their respective American Depositary Shares and (c) a statement as to the manner in which such instructions may be given, including an express indication that instructions may be given or deemed given in accordance with the last sentence of this paragraph if no instruction is received, to the Depositary to give a discretionary proxy to a person designated by the Company. Upon the written request of an Owner of American Depositary Shares on such record date, received on or before the date established by the Depositary for such purpose, the Depositary shall endeavor, in so far as practicable, to vote or cause to be voted the amount of Shares or other Deposited Securities represented by those American Depositary Shares in accordance with the instructions set forth in such request. The Depositary shall not itself exercise any voting discretion over any Deposited Securities. If (i) the Company instructed the Depositary to act under this Section 4.7 and (ii) no instructions are received by the Depositary from an Owner with respect to a matter and an amount of American Depositary Shares of that Owner on or before the date established by the Depositary for such purpose, the Depositary shall deem that Owner to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to that matter and the amount of Deposited Securities represented by that amount of American Depositary Shares and the Depositary shall give a discretionary proxy to a person designated by the Company to vote that amount of Deposited Securities as to that matter, except that no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which the Company informs the Depositary (and the Company agrees to provide such information as promptly as practicable in writing, if applicable) that (x) the Company does not wish such proxy given, (y) substantial opposition exists or (z) such matter materially and adversely affects the rights of holders of Shares.

There can be no assurance that Owners generally or any Owner in particular will receive the notice described in the preceding paragraph sufficiently prior to the instruction cutoff date to ensure that the Depositary will vote the Shares or Deposited Securities in accordance with the provisions set forth in the preceding paragraph.

In order to give Owners a reasonable opportunity to instruct the Depositary as to the exercise of voting rights relating to Deposited Securities, if the Company will request the Depositary to act under this Section 4.7, the Company shall give the Depositary notice of any such meeting and details concerning the matters to be voted upon at least 45 days in advance of the meeting date.

SECTION 4.8 Changes Affecting Deposited Securities.

Upon any change in nominal value, change in par value, split-up, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation or sale of assets affecting the Company or to which it is a party, or upon the redemption or cancellation by the Company of the Deposited Securities, any securities, cash or property which shall be received by the Depositary or a Custodian in exchange for, in conversion of, in lieu of or in respect of Deposited Securities, shall be treated as new Deposited Securities under this Deposit Agreement, and American Depositary Shares shall thenceforth represent, in addition to the existing Deposited Securities, the right to receive the new Deposited Securities so received, unless additional American Depositary Shares are delivered pursuant to the following sentence. In any such case the Depositary may deliver additional American Depositary Shares as in the case of a dividend in Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new Deposited Securities.

SECTION 4.9 Reports.

The Depositary shall make available for inspection by Owners at its Corporate Trust Office any reports and communications, including any proxy solicitation material, received from the Company which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of such Deposited Securities by the Company. The Depositary shall also, upon written request by the Company, send to the Owners copies of such reports when furnished by the Company pursuant to Section 5.6. Any such reports and communications, including any such proxy soliciting material, furnished to the Depositary by the Company shall be furnished in English, to the extent such materials are required to be translated into English pursuant to any regulations of the Commission.

SECTION 4.10 Lists of Owners.

Promptly upon request by the Company, the Depositary shall, at the expense of the Company, furnish to it a list, as of a recent date, of the names, addresses and holdings of American Depositary Shares by all persons in whose names American Depositary Shares are registered on the books of the Depositary.

SECTION 4.11 Withholding.

In the event that the Depositary reasonably determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold under applicable law, the Depositary may by public or private sale dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay such taxes or charges and the Depositary shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the Owners entitled thereto in proportion to the number of American Depositary Shares held by them respectively.

The Depositary will, and will instruct the Custodian to, forward to the Company or its agents such information from its records as the Company may reasonably request and at its expense, to enable the Company or its agents to file the necessary tax reports with governmental authorities or agencies.

ARTICLE 5. THE DEPOSITARY, THE CUSTODIANS AND THE COMPANY

SECTION 5.1 Maintenance of Office and Transfer Books by the Depositary.

Until termination of this Deposit Agreement in accordance with its terms, the Depositary shall maintain in the Borough of Manhattan, The City of New York, facilities for the execution and delivery, registration, registration of transfers and surrender of American Depositary Shares in accordance with the provisions of this Deposit Agreement.

The Depositary shall keep books, at its Corporate Trust Office, for the registration of American Depositary Shares and transfers of American Depositary Shares which at all reasonable times shall be open for inspection by the Owners and the Company, provided that such inspection shall not be for the purpose of communicating with Owners in the interest of a business or object other than the business of the Company or a matter related to this Deposit Agreement or the American Depositary Shares.

The Depositary may close the transfer books, at any time or from time to time, when deemed reasonably expedient by it in connection with the performance of its duties hereunder or at the reasonable written request of the Company.

If any American Depositary Shares are listed on one or more stock exchanges in the United States, the Depositary shall act as Registrar or appoint a Registrar or one or more co-registrars for registry of such American Depositary Shares in accordance with any requirements of such exchange or exchanges.

SECTION 5.2 Prevention or Delay in Performance by the Depositary or the Company.

Neither the Depositary nor the Company nor any of their respective directors, officers, employees, agents or affiliates shall incur any liability to any Owner or Holder (i) if by reason of any provision of any present or future law or regulation of the United States or any other country, or of any governmental or regulatory authority or stock exchange, or by reason of any provision, present or future, of the articles of association or similar document of the Company, or by reason of any provision of any securities issued or distributed by the Company, or any offering or distribution thereof, or by reason of any act of God or war or terrorism or other circumstances beyond its control, the Depositary or the Company shall be prevented, delayed or forbidden from, or be subject to any civil or criminal penalty on account of, doing or performing any act or thing which by the terms of this Deposit Agreement or the Deposited Securities it is provided shall be done or performed, (ii) by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of this Deposit Agreement it is provided shall or may be done or performed, (iii) by reason of any exercise of, or failure to exercise, any discretion provided for in this Deposit Agreement, (iv) for the inability of any Owner or Holder to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of this Deposit Agreement, made available to Owners or Holders, or (v) for any special, consequential or punitive damages for any breach of the terms of this Deposit Agreement. Where, by the terms of a distribution pursuant to Section 4.1, 4.2 or 4.3, or an offering or distribution pursuant to Section 4.4, or for any other reason, such distribution or offering may not be made available to Owners, and the Depositary may not dispose of such distribution or offering on behalf of such Owners and make the net proceeds available to such Owners, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse, in each such case without liability of the Company or the Depositary to the Owners.

SECTION 5.3 Obligations of the Depositary, the Custodian and the Company.

Neither the Company nor any of its directors, officers, employees, agents or affiliates assume any obligation nor shall it or any of them be subject to any liability under this Deposit Agreement to any Owner or Holder, except that the Company agrees to perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith.

Neither the Depositary nor any of its directors, officers, employees, agents or affiliates assume any obligation nor shall it or any of them be subject to any liability under this Deposit Agreement to any Owner or Holder (including, without limitation,

liability with respect to the validity or worth of the Deposited Securities), except that the Depositary agrees to perform its obligations specifically set forth in this Deposit Agreement without negligence or bad faith.

Neither the Depositary nor the Company nor any of their respective directors, officers, employees, agents or affiliates shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Securities or in respect of the American Depositary Shares on behalf of any Owner or Holder or any other person.

Neither the Depositary nor the Company nor any of their respective directors, officers, employees, agents or affiliates shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Owner or any other person believed by any of them in good faith to be competent to give such advice or information. The Depositary and the Company and their respective directors, officers, employees, agents or affiliates may rely on and shall be protected in acting upon any written notice, request, direction or other documents believed by them to be genuine and to have been signed or presented by the proper party or parties.

The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the Depositary or in connection with any matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

The Depositary shall not be liable for the acts or omissions of any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of Deposited Securities or otherwise.

The Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith.

No disclaimer of liability under the Securities Act of 1933 is intended by any provision of this Deposit Agreement.

SECTION 5.4 Resignation and Removal of the Depositary.

The Depositary may at any time resign as Depositary hereunder by written notice of its election so to do delivered to the Company, such resignation to take effect upon the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

The Depositary may at any time be removed by the Company by 120 days prior written notice of such removal, to become effective upon the later of (i) the 120th day after delivery of the notice to the Depositary and (ii) the appointment of a successor depositary and its acceptance of such appointment as hereinafter provided.

In case at any time the Depositary acting hereunder shall resign or be removed, the Company shall use its reasonable efforts to appoint a successor depositary, which shall be a bank or trust company having an office in the Borough of Manhattan, The City of New York or in any other place permitted by applicable law and stock exchange rules. Every successor depositary shall execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed, shall become fully vested with all the rights, powers, duties and obligations of its predecessor; but such predecessor, nevertheless, upon payment of all sums due it and on the written request of the Company shall execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder, shall duly assign, transfer and deliver all right, title and interest in the Deposited Securities to such successor and shall deliver to such successor a list of the Owners of all outstanding American Depositary Shares. Any such successor depositary shall promptly mail notice of its appointment to the Owners.

Any corporation into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

SECTION 5.5 The Custodians.

The Custodian shall be subject at all times and in all respects to the directions of the Depositary and shall be responsible solely to it. Any Custodian may resign and be discharged from its duties hereunder by notice of such resignation delivered to the Depositary at least 30 days prior to the date on which such resignation is to become effective. If upon such resignation there shall be no Custodian acting hereunder, the Depositary shall, promptly after receiving such notice, appoint a substitute custodian or custodians, each of which shall thereafter be a Custodian hereunder. The Depositary in its discretion may appoint a substitute or additional custodian or custodians, each of which shall thereafter be one of the Custodians hereunder. Upon demand of the Depositary any Custodian shall deliver such of the Deposited Securities held by it as are requested of it to any other Custodian or such substitute or additional custodian or custodians. Each such substitute or additional custodian shall deliver to the Depositary, forthwith upon its appointment, an acceptance of such appointment satisfactory in form and substance to the Depositary. Following any resignation or removal of the Custodian and the appointment of a substitute or additional Custodian, the Depositary will give subsequent notice thereof to the Company as promptly as practicable.

Upon the appointment of any successor depositary hereunder, each Custodian then acting hereunder shall forthwith become, without any further act or writing, the agent hereunder of such successor depositary and the appointment of such successor depositary shall in no way impair the authority of each Custodian hereunder; but the successor depositary so appointed shall, nevertheless, on the written request of any Custodian, execute and deliver to such Custodian all such instruments as may be proper to give to such Custodian full and complete power and authority as agent hereunder of such successor depositary.

SECTION 5.6 Notices and Reports.

On or before the first date on which the Company gives notice, by publication or otherwise, of any meeting of holders of Shares or other Deposited Securities, or of any adjourned meeting of such holders, or of the taking of any action in respect of any cash or other distributions or the offering of any rights, the Company agrees to transmit to the Depositary and the Custodian a copy of the notice thereof in the form given or to be given to holders of Shares or other Deposited Securities.

The Company will arrange for the translation into English, if not already in English, to the extent required pursuant to any regulations of the Commission, and the prompt transmittal by the Company to the Depositary and the Custodian of such notices and any other reports and communications which are made generally available by the Company to holders of its Shares. If requested in writing by the Company, the Depositary will arrange for the mailing, at the Company's expense, of copies of such notices, reports and communications to all Owners. The Company will timely provide the Depositary with the quantity of such notices, reports, and communications, as requested by the Depositary from time to time, in order for the Depositary to effect such mailings.

SECTION 5.7 Distribution of Additional Shares, Rights, etc.

If the Company or any affiliate of the Company determines to make any issuance or distribution of (1) additional Shares, (2) rights to subscribe for Shares, (3) securities convertible into Shares, or (4) rights to subscribe for such securities (each a "Distribution"), the Company shall notify the Depositary in writing in English as promptly as practicable and in any event before the Distribution starts and, if requested in writing by the Depositary, the Company shall promptly furnish to the Depositary a written opinion from U.S. counsel for the Company that is reasonably satisfactory to the Depositary, stating whether or not the Distribution requires, or, if made in the United States, would require, registration under the Securities Act of 1933. If, in the opinion of that counsel, the Distribution requires, or, if made in the United States, would require, registration under the Securities Act of 1933, that counsel shall furnish to the Depositary a written opinion as to whether or not there is a registration statement under the Securities Act of 1933 in effect that will cover that Distribution.

The Company agrees with the Depositary that neither the Company nor any company controlled by, controlling or under common control with the Company will at any time deposit any Shares, either originally issued or previously issued and reacquired by the Company or any such affiliate, unless a Registration Statement is in effect as to such Shares under the Securities Act of 1933 or the Company delivers to the Depositary an opinion of United States counsel, satisfactory to the Depositary, to the effect that, upon deposit, those Shares will be eligible for public resale without restriction in the United States without further registration under the Securities Act of 1933. Notwithstanding anything to the contrary herein, nothing in this Deposit Agreement shall be deemed to obligate the Company to file any registration statement in respect of any proposed transactions.

SECTION 5.8 Indemnification.

The Company agrees to indemnify the Depositary, its directors, employees, agents and affiliates and any Custodian against, and hold each of them harmless from, any liability or expense (including, but not limited to any fees and expenses incurred in seeking, enforcing or collecting such indemnity and the fees and expenses of counsel) which may arise out of or in connection with (a) any registration with the Commission of American Depositary Shares or Deposited Securities or the offer or sale thereof in the United States, except to the extent the liability or expense arises out of information relating to the Depositary or the Custodian furnished in writing to the Company by the Depositary expressly for use in any registration statement, proxy statement, prospectus or offering memorandum (or private placement memorandum) relating to the Shares (it being understood that, as of the date of this Deposit Agreement, the Depositary has not furnished any information of that kind), or (b) acts performed or omitted, pursuant to the provisions of or in connection with this Deposit Agreement and of the American Depositary Shares, as the same may be amended, modified or supplemented from time to time, (i) by either the Depositary or a Custodian or their respective directors, employees, agents and affiliates, except for any liability or expense arising out of the negligence or bad faith of either of them, or (ii) by the Company or any of its directors, employees, agents and affiliates.

The indemnities contained in the preceding paragraph shall not extend to any liability or expense which arises solely and exclusively out of a Pre-Release (as defined in Section 2.9) of American Depositary Shares in accordance with Section 2.9 and which would not otherwise have arisen had such American Depositary Shares not been the subject of a Pre-Release pursuant to Section 2.9; provided, however, that the indemnities provided in the preceding paragraph shall apply to any such liability or expense (i) to the extent such liability or expense would have arisen had such American Depositary Shares not been the subject of a Pre-Release, or (ii) which may arise out of any misstatement or alleged misstatement or omission or alleged omission in any registration statement, proxy statement, prospectus (or private placement memorandum), or preliminary prospectus (or preliminary private placement memorandum) relating to the

offer of sale of American Depositary Shares, except to the extent any such liability or expense arises out of (i) information relating to the Depositary or the Custodian (other than the Company), as applicable, furnished in writing by the Depositary expressly for use in any of the foregoing documents and not materially changed or altered by the Company or, (ii) if such information is provided, the failure to state a material fact necessary to make the information provided not misleading.

The Depositary agrees to indemnify the Company, its directors, officers, employees, agents and affiliates and hold them harmless from any liability or expense (including, but not limited to any fees and expenses incurred in seeking, enforcing or collecting such indemnity and the reasonable fees and expenses of counsel) which may arise out of acts performed or omitted by the Depositary or its Custodian or their respective directors, officers, employees, agents and affiliates due to their negligence or bad faith.

If an action, proceeding (including, but not limited to, any governmental investigation), claim or dispute (collectively, a "Proceeding") in respect of which indemnity may be sought by either party is brought or asserted against the other party, the party seeking indemnification (the "Indemnitee") shall promptly (and in no event more than ten (10) days after receipt of notice of such Proceeding) notify the party obligated to provide such indemnification (the "Indemnitor") of such Proceeding. The failure of the Indemnitee to so notify the Indemnitor shall not impair the Indemnitee's ability to seek indemnification from the Indemnitor (but only for costs, expenses and liabilities incurred after such notice) unless such failure adversely affects the Indemnitor's ability to adequately oppose or defend such Proceeding. Upon receipt of such notice from the Indemnitee, the Indemnitor shall be entitled to participate in such Proceeding and, to the extent that it shall so desire and provided no conflict of interest exists as specified in subparagraph (b) below or there are no other defenses available to Indemnitee as specified in subparagraph (d) below, to assume the defense thereof with counsel reasonably satisfactory to the Indemnitee (in which case all attorney's fees and expenses shall be borne by the Indemnitor and the Indemnitor shall in good faith defend the Indemnitee). The Indemnitee shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be borne by the Indemnitee unless (a) the Indemnitor agrees in writing to pay such fees and expenses, (b) the Indemnitee shall have reasonably and in good faith concluded that there is a conflict of interest between the Indemnitor and the Indemnitee in the conduct of the defense of such action, (c) the Indemnitor fails, within ten (10) days prior to the date the first response or appearance is required to be made in such Proceeding, to assume the defense of such Proceeding with counsel reasonably satisfactory to the Indemnitee or (d) there are legal defenses available to Indemnitee that are different from or are in addition to those available to the Indemnitor. No compromise or settlement of such Proceeding may be effected by either party without the other party's consent unless (i) there is no finding or admission of any violation of law and no effect on any other claims that may be made against such other party and (ii) the sole relief

provided is monetary damages that are paid in full by the party seeking the settlement and for which the Indemnitee will not seek reimbursement of such amount from the Indemnitor. Neither party shall have any liability with respect to any compromise or settlement effected without its consent, which shall not be unreasonably withheld. The Indemnitor shall have no obligation to indemnify and hold harmless the Indemnitee from any loss, expense or liability incurred by the Indemnitee as a result of a default judgment entered against the Indemnitee unless such judgment was entered after the Indemnitor agreed, in writing, to assume the defense of such proceeding.

SECTION 5.9 Charges of Depositary.

The Company agrees to pay the fees and out-of-pocket expenses of the Depositary and those of any Registrar only in accordance with agreements in writing entered into between the Depositary and the Company from time to time.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering American Depositary Shares or to whom American Depositary Shares are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the American Depositary Shares or Deposited Securities or a delivery of American Depositary Shares pursuant to Section 4.3), or by Owners, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Company or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depositary or its nominee or the Custodian or its nominee on the making of deposits or withdrawals hereunder, (3) such cable, telex and facsimile transmission expenses as are expressly provided in this Deposit Agreement, (4) such expenses as are incurred by the Depositary in the conversion of foreign currency pursuant to Section 4.5, (5) a fee of \$5.00 or less per 100 American Depositary Shares (or portion thereof) for the delivery of American Depositary Shares pursuant to Section 2.3, 4.3 or 4.4 and the surrender of American Depositary Shares pursuant to Section 2.5 or 6.2, (6) a fee payable by Owners of \$.05 or less per American Depositary Share (or portion thereof) for any cash distribution made pursuant to this Deposit Agreement, including, but not limited to Sections 4.1 through 4.4 hereof, (7) a fee payable by Owners for the distribution of securities pursuant to Section 4.2, such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a result of the deposit of such securities (for purposes of this clause 7 treating all such securities as if they were Shares) but which securities are instead distributed by the Depositary to Owners, (8) in addition to any fee charged under clause 6, a fee of \$.05 or less per American Depositary Share (or portion thereof) per annum for depositary services, which will be payable as provided in clause 9 below, and (9) any other charges payable by the Depositary, any of the Depositary's agents, including the Custodian, or the agents of the Depositary's agents in connection with the servicing of Shares or other Deposited Securities (which charges shall be assessed against Owners as

of the date or dates set by the Depositary in accordance with Section 4.6 and shall be payable at the sole discretion of the Depositary by billing such Owners for such charges or by deducting such charges from one or more cash dividends or other cash distributions).

The Depositary may collect any of its fees by deduction from any cash distribution payable to Owners that are obligated to pay those fees.

The Depositary, subject to Section 2.9 hereof, may own and deal in any class of securities of the Company and its affiliates and in American Depositary Shares.

SECTION 5.10 Retention of Depositary Documents.

The Depositary is authorized to destroy those documents, records, bills and other data compiled during the term of this Deposit Agreement at the times permitted by the laws or regulations governing the Depositary unless the Company requests that such papers be retained for a longer period or turned over to the Company or to a successor depositary.

SECTION 5.11 Exclusivity.

The Company agrees not to appoint any other depositary for issuance of American or global depositary shares or receipts so long as The Bank of New York Mellon is acting as Depositary hereunder.

SECTION 5.12 List of Restricted Securities Owners.

From time to time, the Company shall provide to the Depositary a list setting forth, to the actual knowledge of the Company, those persons or entities who beneficially own Restricted Securities and the Company shall update that list on a regular basis. The Company agrees to advise in writing each of the persons or entities so listed that such Restricted Securities are ineligible for deposit hereunder. The Depositary may rely on such a list or update but shall not be liable for any action or omission made in reliance thereon. Notwithstanding any provision herein to the contrary, the Depositary may, in its discretion, at the request and expense of the Company, and subject to such terms, conditions and limitations as the Depositary may require, agree to establish procedures to permit the deposit hereunder of Shares that are Restricted Securities in order to enable the holder of such Shares to hold its ownership interests in such Restricted Securities in the form of American Depositary Shares issued under the terms of this Deposit Agreement.

SECTION 5.13 Registration of Shares; Share Register.

The Company agrees to maintain itself or engage, subject to shareholder approval, a third party (a "Transfer Agent") reasonably acceptable to the Depositary to

maintain a Share Register for the Shares for so long as any American Depositary Shares or Receipts remain outstanding hereunder or this Agreement remains in force. The Company agrees that it shall, or if the Share Register is maintained by a Transfer Agent, cooperate with the Depositary to ensure that such Transfer Agent shall, at any time and from time to time: (a) take any and all action as may be necessary to assure the accuracy and completeness of all information set forth in the Share Register in respect of the Shares; (b) provide to the Depositary, the Custodian or their respective agents unrestricted access to such part of the Share Register, which relates to the Shares, during regular business hours in accordance with Danish law, in such manner and upon such terms and conditions as the Depositary may, in its sole reasonable discretion, deem appropriate, to permit the Depositary, the Custodian or their respective agents to confirm the number of Shares registered in the name of the Depositary, the Custodian or their respective nominees, as applicable, pursuant to the terms of this Deposit Agreement and, in connection therewith, to provide the Depositary, the Custodian or their respective agents, upon request, with a duplicative extract from the relevant part of the Share Register duly certified by the Company or the Transfer Agent, as applicable, (or other independent third party reasonably acceptable to the Depositary); (c) promptly effect the re-registration of ownership of Shares deposited pursuant to Section 2.2 in the Share Register in connection with any deposit or withdrawal of Shares under this Deposit Agreement; (d) permit the Depositary or the Custodian to register any Shares held hereunder in the name of the Depositary, the Custodian or their respective nominees; and (e) to the extent permissible under applicable law promptly notify the Depositary in writing at any time that (A) the Company or the Transfer Agent, as applicable, eliminates the name of a shareholder of the Company from the Share Register or otherwise alters a shareholder's interest in the Shares and such shareholder alleges to the Company or Transfer Agent, as applicable, or publicly that such elimination or alteration is unlawful; (B) the Company no longer will be able materially to comply with, or has engaged in conduct that indicates it will not materially comply with, the provisions of this Section 5.13 relating to it (C) the Company or the Transfer Agent, as applicable, refuses to re-register Shares in the name of a particular purchaser and such purchaser (or its respective seller) alleges that such refusal is unlawful; (D) the Company or the Transfer Agent, as applicable, holds Shares for the account of the Company; or (E) the Company has materially breached the provisions of this Section 5.13 relating to it and has failed to cure such breach within a reasonable time.

The Depositary agrees that it will instruct the Custodian to maintain custody of all duplicative Share Register extracts (or other evidence of verification) provided to the Depositary, the Custodian or their respective agents pursuant to Section 5.13. In the event of any material discrepancy between the records of the Depositary or the Custodian and the Share Register, then, if an officer of the ADR Department of the Depositary has actual knowledge of such discrepancy, the Depositary shall promptly notify the Company. In the event of any discrepancy between the records of the Depositary or the Custodian and the Share Register, the Company agrees that (whether or not it has received any notification from the Depositary) it will (i) use, or if the Share

Register is maintained by a Transfer Agent, cooperate with the Depository to ensure that the Transfer Agent will use its reasonable efforts to cause the Company to reconcile its records to the records of the Depository or the Custodian and to make such corrections or revisions in the Share Register as may be necessary in connection therewith, and (ii) to the extent the Company, or the Transfer Agent, as applicable, is unable to so reconcile such records, promptly instruct the Depository to notify the Owners of the existence of such discrepancy. Upon receipt of such instruction, the Depository shall promptly give such notification to the Owners pursuant to Section 4.9 (it being understood that the Depository may at any time give such notification to the Owners, whether or not it has received instructions from the Company), and the Depository shall promptly cease issuing American Depositary Shares pursuant to Section 2.2 until such time as, in the opinion of the Depository, such records have been appropriately reconciled.

ARTICLE 6. AMENDMENT AND TERMINATION

SECTION 6.1 Amendment.

The form of the Receipts and any provisions of this Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depository without the consent of Owners or Holders in any respect which they may deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than taxes and other governmental charges, registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or which shall otherwise prejudice any substantial existing right of Owners, shall, however, not become effective as to outstanding American Depositary Shares until the expiration of thirty days after notice of such amendment shall have been given to the Owners of outstanding American Depositary Shares. Every Owner and Holder, at the time any amendment so becomes effective, shall be deemed, by continuing to hold such American Depositary Shares or any interest therein, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Owner to surrender American Depositary Shares and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

SECTION 6.2 Termination.

The Company may at any time terminate this Deposit Agreement by instructing the Depository to mail a notice of termination to the Owners of all American Depositary Shares then outstanding at least 30 days prior to the termination date included in such notice. The Depository may likewise terminate this Deposit Agreement if at any time 60 days shall have expired after the Depository delivered to the Company a written resignation notice and if a successor depository shall not have been appointed and accepted its appointment as provided in Section 5.4; in such case the Depository shall mail a notice of termination to the Owners of all American Depositary Shares then outstanding at least 30 days prior to the termination date. On and after the date of

termination, the Owner of American Depositary Shares will, upon (a) surrender of such American Depositary Shares, (b) payment of the fee of the Depositary for the surrender of American Depositary Shares referred to in Section 2.5, and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by those American Depositary Shares. If any American Depositary Shares shall remain outstanding after the date of termination, the Depositary thereafter shall discontinue the registration of transfers of American Depositary Shares, shall suspend the distribution of dividends to the Owners thereof, and shall not give any further notices or perform any further acts under this Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights and other property as provided in this Deposit Agreement, and shall continue to deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, upon surrender of American Depositary Shares (after deducting, in each case, the fee of the Depositary for the surrender of American Depositary Shares, any expenses for the account of the Owner of such American Depositary Shares in accordance with the terms and conditions of this Deposit Agreement, and any applicable taxes or governmental charges).

At any time after the expiration of four months from the date of termination, the Depositary may sell the Deposited Securities then held under this Deposit Agreement and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it hereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of American Depositary Shares that have not theretofore been surrendered, such Owners thereupon becoming general creditors of the Depositary with respect to such net proceeds. After making such sale, the Depositary shall be discharged from all obligations under this Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of American Depositary Shares, any expenses for the account of the Owner of such American Depositary Shares in accordance with the terms and conditions of this Deposit Agreement, and any applicable taxes or governmental charges. Upon the termination of this Deposit Agreement, the Company shall be discharged from all obligations under this Deposit Agreement except for its obligations to the Depositary under Sections 5.8 and 5.9.

ARTICLE 7. MISCELLANEOUS

SECTION 7.1 Counterparts; Signatures

This Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of such counterparts shall constitute one and the same instrument. Copies of this Deposit Agreement shall be filed with the Depositary and the Custodians and shall be open to inspection by any Owner or Holder during business hours.

Any manual signature on this Deposit Agreement that is faxed, scanned or photocopied, and any electronic signature valid under the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001, *et. seq.*, shall for all purposes have the same validity, legal effect and admissibility in evidence as an original manual signature, and the parties hereby waive any objection to the contrary.

SECTION 7.2 No Third Party Beneficiaries.

This Deposit Agreement is for the exclusive benefit of the parties hereto and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person.

SECTION 7.3 Severability.

In case any one or more of the provisions contained in this Deposit Agreement or in the Receipts should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

SECTION 7.4 Owners and Holders as Parties; Binding Effect.

The Owners and Holders from time to time shall be parties to this Deposit Agreement and shall be bound by all of the terms and conditions hereof and of the Receipts by acceptance of American Depositary Shares or any interest therein.

SECTION 7.5 Notices.

Any and all notices to be given to the Company shall be deemed to have been duly given if personally delivered or sent by mail or cable, telex, facsimile transmission or email confirmed by letter, addressed to Ascendis Pharma A/S, Tuborg Boulevard 12, DK-2900 Hellerup, Denmark, Attention: Michael Wolff Jensen with a copy to Thomas P. Soloway or any other place to which the Company may have transferred its principal office with notice to the Depository.

Any and all notices to be given to the Depository shall be deemed to have been duly given if in English and personally delivered or sent by mail or cable, telex, facsimile transmission confirmed by letter, addressed to The Bank of New York Mellon, 101 Barclay Street, New York, New York 10286, Attention: American Depositary Receipt Administration, or any other place to which the Depository may have transferred its Corporate Trust Office with notice to the Company.

Any and all notices to be given to any Owner shall be deemed to have been duly given if personally delivered or sent by mail or cable, telex, facsimile transmission or email confirmed by letter, addressed to such Owner at the address of such Owner as it appears on the transfer books for American Depositary Shares of the

Depository, or, if such Owner shall have filed with the Depository a written request that notices intended for such Owner be mailed to some other address, at the address designated in such request.

Delivery of a notice sent by mail or cable, telex, facsimile transmission or email shall be deemed to be effected at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a cable, telex, facsimile transmission or email) is deposited, postage prepaid, in a post-office letter box. The Depository or the Company may, however, act upon any cable, telex, facsimile transmission or if applicable, email received by it, notwithstanding that such cable, telex, facsimile transmission or email shall not subsequently be confirmed by letter as aforesaid.

SECTION 7.6 Arbitration; Settlement of Disputes.

(a) Any controversy, claim or cause of action brought by any party hereto against the Company arising out of or relating to the Shares or other Deposited Securities, the American Depositary Shares, the Receipts or this Deposit Agreement, or the breach hereof or thereof, shall be settled by arbitration in accordance with the International Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof; provided, however, that in the event of any third-party litigation to which the Depository is a party and to which the Company may properly be joined, the Company may be so joined in any court in which such litigation is proceeding; and provided, further, that any such controversy, claim or cause of action brought by a party hereto against the Company relating to or based upon the provisions of the Federal securities laws of the United States or the rules and regulations promulgated thereunder shall be submitted to arbitration as provided in this Section 7.06 if, but only if, so elected by the claimant.

(b) The place of the arbitration shall be The City of New York, State of New York, United States of America, and the language of the arbitration shall be English.

(c) The number of arbitrators shall be three, each of whom shall be disinterested in the dispute or controversy, shall have no connection with any party thereto, and shall be an attorney experienced in international securities transactions. Each party shall appoint one arbitrator and the two arbitrators shall select a third arbitrator who shall serve as chairperson of the tribunal. If a dispute, controversy or cause of action shall involve more than two parties, the parties shall attempt to align themselves in two sides (i.e., claimant(s) and respondent(s)), each of which shall appoint one arbitrator as if there were only two parties to such dispute, controversy or cause of action. If such alignment and appointment shall not have occurred within thirty (30) calendar days after the initiating party serves the arbitration demand, the American Arbitration Association shall appoint the three arbitrators, each of whom shall have the qualifications described above. The parties and the American Arbitration Association may appoint from among the nationals of any country, whether or not a party is a national of that country.

(d) The arbitral tribunal shall have no authority to award any consequential, special or punitive damages or other damages not measured by the prevailing party's actual damages and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of this Deposit Agreement.

(e) Any controversy, claim or cause of action arising out of or relating to the Shares or other Deposited Securities, the American Depositary Shares, the Receipts or this Deposit Agreement not subject to arbitration under this Section 7.6 shall be litigated in the Federal and state courts in the Borough of Manhattan, The City of New York and the Company hereby submits to the personal jurisdiction of the court in which such action or proceeding is brought.

SECTION 7.7 Submission to Jurisdiction; Jury Trial Waiver.

The Company hereby (i) irrevocably designates and appoints Corporation Service Company, 80 State Street, Albany, New York, NY 12207-2543, as the Company's authorized agent upon which process may be served in any suit or proceeding (including any arbitration proceeding) arising out of or relating to the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Deposit Agreement, (ii) consents and submits to the jurisdiction of any state or federal court in the State of New York in which any such suit or proceeding may be instituted, and (iii) agrees that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company agrees to deliver, upon the execution and delivery of this Deposit Agreement, a written acceptance by such agent of its appointment as such agent. The Company further agrees to take any and all action, including the filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment in full force and effect for so long as any American Depositary Shares or Receipts remain outstanding or this Deposit Agreement remains in force. In the event the Company fails to continue such designation and appointment in full force and effect, the Company hereby waives personal service of process upon it and consents that any such service of process may be made by certified or registered mail, return receipt requested, directed to the Company at its address last specified for notices hereunder, and service so made shall be deemed completed five (5) business days after the same shall have been so mailed.

EACH PARTY TO THIS DEPOSIT AGREEMENT (INCLUDING, FOR AVOIDANCE OF DOUBT, EACH OWNER AND HOLDER) HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING AGAINST THE COMPANY AND/OR THE DEPOSITARY DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THE SHARES OR OTHER DEPOSITED SECURITIES, THE AMERICAN

DEPOSITARY SHARES OR THE RECEIPTS, THIS DEPOSIT AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREIN OR THEREIN, OR THE BREACH HEREOF OR THEREOF, INCLUDING WITHOUT LIMITATION ANY QUESTION REGARDING EXISTENCE, VALIDITY OR TERMINATION (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

SECTION 7.8 Waiver of Immunities.

To the extent that the Company or any of its properties, assets or revenues may have or may hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Shares or Deposited Securities, the American Depositary Shares, the Receipts or this Deposit Agreement, the Company, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

SECTION 7.9 Governing Law.

This Deposit Agreement and the Receipts shall be interpreted and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by the laws of the State of New York, except with respect to its authorization and execution by the Company, which shall be governed by the laws of Denmark.

IN WITNESS WHEREOF, ASCENDIS PHARMA A/S and THE BANK OF NEW YORK MELLON have duly executed this Deposit Agreement as of the day and year first set forth above and all Owners and Holders shall become parties hereto upon acceptance by them of American Depositary Shares or any interest therein.

ASCENDIS PHARMA A/S

By: _____

Name:

Title:

THE BANK OF NEW YORK MELLON,
as Depositary

By: _____

Name:

Title:

EXHIBIT A

AMERICAN DEPOSITARY SHARES
(Each American Depositary Share represents
one deposited Share)

THE BANK OF NEW YORK MELLON
AMERICAN DEPOSITARY RECEIPT
FOR ORDINARY SHARES, OF
ASCENDIS PHARMA A/S
(INCORPORATED UNDER THE LAWS OF DENMARK)

The Bank of New York Mellon, as depositary (hereinafter called the "Depositary"), hereby certifies
that , or registered assigns IS THE OWNER OF

AMERICAN DEPOSITARY SHARES

representing deposited ordinary shares (herein called "Shares") of Ascendis Pharma A/S, incorporated under the laws of Denmark (herein called the "Company"). At the date hereof, each American Depositary Share represents one Share deposited or subject to deposit under the Deposit Agreement (as such term is hereinafter defined) at the London Branch of The Bank of New York Mellon (herein called the "Custodian"). The Depositary's Corporate Trust Office is located at a different address than its principal executive office. Its Corporate Trust Office is located at 101 Barclay Street, New York, N.Y. 10286, and its principal executive office is located at One Wall Street, New York, N.Y. 10286.

THE DEPOSITARY'S CORPORATE TRUST OFFICE ADDRESS IS
101 BARCLAY STREET, NEW YORK, N.Y. 10286

1. THE DEPOSIT AGREEMENT.

This American Depositary Receipt is one of an issue (herein called "Receipts"), all issued and to be issued upon the terms and conditions set forth in the deposit agreement, dated as of _____, 2015 (herein called the "Deposit Agreement"), by and among the Company, the Depositary, and all Owners and Holders from time to time of American Depositary Shares issued thereunder, each of whom by accepting American Depositary Shares agrees to become a party thereto and become bound by all the terms and conditions thereof. The Deposit Agreement sets forth the rights of Owners and Holders and the rights and duties of the Depositary in respect of the Shares deposited thereunder and any and all other securities, property and cash from time to time received in respect of such Shares and held thereunder (such Shares, securities, property, and cash are herein called "Deposited Securities"). Copies of the Deposit Agreement are on file at the Depositary's Corporate Trust Office in New York City and at the office of the Custodian.

The statements made on the face and reverse of this Receipt are summaries of certain provisions of the Deposit Agreement and are qualified by and subject to the detailed provisions of the Deposit Agreement, to which reference is hereby made. Capitalized terms defined in the Deposit Agreement and not defined herein shall have the meanings set forth in the Deposit Agreement.

2. SURRENDER OF RECEIPTS AND WITHDRAWAL OF SHARES.

Upon surrender at the Corporate Trust Office of the Depositary of American Depositary Shares, and upon payment of the fee of the Depositary provided in this Receipt, and subject to the terms and conditions of the Deposit Agreement, the Owner of those American Depositary Shares is entitled to delivery, to him or as instructed, of the amount of Deposited Securities at the time represented by those American Depositary Shares. Delivery of such Deposited Securities may be made by the delivery of (a) certificates or account transfer in the name of the Owner hereof or as ordered by him, with proper endorsement or accompanied by proper instruments or instructions of transfer and (b) any other securities, property and cash to which such Owner is then entitled in respect of this Receipt. Such delivery will be made at the option of the Owner hereof, either at the office of the Custodian or at the Corporate Trust Office of the Depositary, provided that the forwarding of certificates for Shares or other Deposited Securities for such delivery at the Corporate Trust Office of the Depositary shall be at the risk and expense of the Owner hereof.

3. TRANSFERS, SPLIT-UPS, AND COMBINATIONS OF RECEIPTS.

Transfers of American Depositary Shares may be registered on the books of the Depositary by the Owner in person or by a duly authorized attorney, upon surrender of those American Depositary Shares properly endorsed for transfer or accompanied by proper instruments of transfer, in the case of a Receipt, or pursuant to a proper instruction

(including, for the avoidance of doubt, instructions through DRS and Profile as provided in Section 2.10 of the Deposit Agreement), in the case of uncertificated American Depositary Shares, and funds sufficient to pay any applicable transfer taxes and the expenses of the Depositary and upon compliance with such regulations, if any, as the Depositary may establish for such purpose. This Receipt may be split into other such Receipts, or may be combined with other such Receipts into one Receipt, evidencing the same aggregate number of American Depositary Shares as the Receipt or Receipts surrendered. The Depositary, upon surrender of certificated American Depositary Shares for the purpose of exchanging for uncertificated American Depositary Shares, shall cancel those certificated American Depositary Shares and send the Owner a statement confirming that the Owner is the Owner of uncertificated American Depositary Shares. The Depositary, upon receipt of a proper instruction (including, for the avoidance of doubt, instructions through DRS and Profile as provided in Section 2.10 of the Deposit Agreement) from the Owner of uncertificated American Depositary Shares for the purpose of exchanging for certificated American Depositary Shares, shall cancel those uncertificated American Depositary Shares and deliver to the Owner the same number of certificated American Depositary Shares. As a condition precedent to the delivery, registration of transfer, or surrender of any American Depositary Shares or split-up or combination of any Receipt or withdrawal of any Deposited Securities, the Depositary, the Custodian, or Registrar may require payment from the depositor of the Shares or the presenter of the Receipt or instruction for registration of transfer or surrender of American Depositary Shares not evidenced by a Receipt of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees as provided in the Deposit Agreement, may require the production of proof satisfactory to it as to the identity and genuineness of any signature and may also require compliance with any regulations the Depositary may establish consistent with the provisions of the Deposit Agreement.

The delivery of American Depositary Shares against deposit of Shares generally or against deposit of particular Shares may be suspended, or the transfer of American Depositary Shares in particular instances may be refused, or the registration of transfer of outstanding American Depositary Shares generally may be suspended, during any period when the transfer books of the Depositary are closed, or if any such action is deemed necessary or advisable by the Depositary or the Company at any time or from time to time because of any requirement of law or of any government or governmental body or commission, or under any provision of the Deposit Agreement, or for any other reason, subject to the provisions of the following sentence. Notwithstanding anything to the contrary in the Deposit Agreement or this Receipt, the surrender of outstanding American Depositary Shares and withdrawal of Deposited Securities may not be suspended subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company or the Foreign Registrar, if applicable, or the deposit of Shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes and similar charges, and (iii) compliance with any U.S. or foreign laws or

governmental regulations relating to the American Depositary Shares or to the withdrawal of the Deposited Securities. Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under the Deposit Agreement any Shares which would be required to be registered under the provisions of the Securities Act of 1933, unless a registration statement is in effect as to such Shares for such offer and sale or such Shares are exempt from registration thereunder.

4. LIABILITY OF OWNER FOR TAXES.

If any tax or other governmental charge imposed by applicable law shall become payable with respect to any American Depositary Shares or any Deposited Securities represented by any American Depositary Shares, such tax or other governmental charge shall be payable by the Owner to the Depositary. The Depositary may refuse to register any transfer of those American Depositary Shares or any withdrawal of Deposited Securities represented by those American Depositary Shares until such payment is made, and may withhold any dividends or other distributions, or may sell for the account of the Owner any part or all of the Deposited Securities represented by those American Depositary Shares, and may apply such dividends or other distributions or the proceeds of any such sale in payment of such tax or other governmental charge and the Owner shall remain liable for any deficiency.

5. WARRANTIES ON DEPOSIT OF SHARES.

Every person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant, that such Shares and each certificate therefor, if applicable, are validly issued, fully paid, nonassessable and were not issued in violation of any preemptive rights of the holders of outstanding Shares and that the person making such deposit is duly authorized so to do. Every such person shall also be deemed to represent that the deposit of such Shares and the sale of American Depositary Shares representing such Shares by that person are not restricted under the Securities Act of 1933. Such representations and warranties shall survive the deposit of Shares and delivery of American Depositary Shares.

6. FILING PROOFS, CERTIFICATES, AND OTHER INFORMATION.

Any person presenting Shares for deposit or any Owner or Holder may be required from time to time to file with the Depositary or the Custodian such proof of citizenship or residence, exchange control approval, or such information relating to the registration on the books of the Company or the Foreign Registrar, if applicable, to execute such certificates and to make such representations and warranties, as the Depositary may deem necessary or proper. The Depositary may withhold the delivery or registration of transfer of any American Depositary Shares or the distribution of any dividend or sale or distribution of rights or of the proceeds thereof or the delivery of any Deposited Securities until such proof or other information is filed or such certificates are executed or such representations and warranties made. If requested in writing, the

Depository shall, as promptly as practicable, provide the Company, at the expense of the Company, with copies of any such proofs, certificates or other information it receives pursuant to Section 3.1 of the Deposit Agreement, to the extent that disclosure is permitted under applicable law. No Share shall be accepted for deposit unless accompanied by evidence satisfactory to the Depository that any necessary approval has been granted by any governmental body in Denmark that is then performing the function of the regulation of currency exchange.

7. CHARGES OF DEPOSITARY.

The following charges shall be incurred by any party depositing or withdrawing Shares or by any party surrendering American Depositary Shares or to whom American Depositary Shares are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by the Company or an exchange of stock regarding the American Depositary Shares or Deposited Securities or a delivery of American Depositary Shares pursuant to Section 4.3 of the Deposit Agreement), or by Owners, as applicable: (1) taxes and other governmental charges, (2) such registration fees as may from time to time be in effect for the registration of transfers of Shares generally on the Share register of the Company or Foreign Registrar and applicable to transfers of Shares to or from the name of the Depository or its nominee or the Custodian or its nominee on the making of deposits or withdrawals under the terms of the Deposit Agreement, (3) such cable, telex and facsimile transmission expenses as are expressly provided in the Deposit Agreement, (4) such expenses as are incurred by the Depository in the conversion of foreign currency pursuant to Section 4.5 of the Deposit Agreement, (5) a fee of \$5.00 or less per 100 American Depositary Shares (or portion thereof) for the delivery of American Depositary Shares pursuant to Section 2.3, 4.3 or 4.4 of the Deposit Agreement and the surrender of American Depositary Shares pursuant to Section 2.5 or 6.2 of the Deposit Agreement, (6) a fee payable by Owners of \$.05 or less per American Depositary Share (or portion thereof) for any cash distribution made pursuant to the Deposit Agreement, including, but not limited to Sections 4.1 through 4.4 of the Deposit Agreement, (7) a fee payable by Owners for the distribution of securities pursuant to Section 4.2 of the Deposit Agreement, such fee being in an amount equal to the fee for the execution and delivery of American Depositary Shares referred to above which would have been charged as a result of the deposit of such securities (for purposes of this clause 7 treating all such securities as if they were Shares) but which securities are instead distributed by the Depository to Owners, (8) in addition to any fee charged under clause 6, a fee of \$.05 or less per American Depositary Share (or portion thereof) per annum for depositary services, which will be payable as provided in clause 9 below, and (9) any other charges payable by the Depository, any of the Depository's agents, including the Custodian, or the agents of the Depository's agents in connection with the servicing of Shares or other Deposited Securities (which charges shall be assessed against Owners as of the date or dates set by the Depository in accordance with Section 4.6 of the Deposit Agreement and shall be payable at the sole discretion of the Depository by billing such Owners for such charges or by deducting such charges from one or more cash dividends or other cash distributions).

The Depositary may collect any of its fees by deduction from any cash distribution payable to Owners that are obligated to pay those fees.

The Depositary, subject to Article 8 hereof, may own and deal in any class of securities of the Company and its affiliates and in American Depositary Shares.

From time to time, the Depositary may make payments to the Company to reimburse and / or share revenue from the fees collected from Holders, or waive fees and expenses for services provided, generally relating to costs and expenses arising out of establishment and maintenance of the American Depositary Shares program. In performing its duties under the Deposit Agreement, the Depositary may use brokers, dealers or other service providers that are affiliates of the Depositary and that may earn or share fees and commissions.

8. PRE-RELEASE OF RECEIPTS.

Unless requested in writing by the Company to cease doing so, notwithstanding Section 2.3 of the Deposit Agreement, the Depositary may deliver American Depositary Shares prior to the receipt of Shares pursuant to Section 2.2 of the Deposit Agreement (a "Pre-Release"). The Depositary may, pursuant to Section 2.5 of the Deposit Agreement, deliver Shares upon the surrender of American Depositary Shares that have been Pre-Released, whether or not such cancellation is prior to the termination of such Pre-Release. The Depositary may receive American Depositary Shares in lieu of Shares in satisfaction of a Pre-Release. Each Pre-Release will be (a) preceded or accompanied by a written representation from the person to whom American Depositary Shares or Shares are to be delivered, that such person, or its customer, (i) beneficially owns the Shares or American Depositary Shares to be remitted, as the case may be, (ii) assigns all beneficial right, title and interest in such American Depositary Shares or Shares, as the case may be, to the Depositary in its capacity as such and for the benefit of the Owners and (iii) will not take any action with respect to such American Depositary Shares or Shares, as the case may be, that is inconsistent with the transfer of beneficial ownership (including, without the consent of the Depositary, disposing of such American Depositary Shares or Shares, as the case may be), other than in satisfaction of the Pre-Release, (b) at all times fully collateralized with cash or such other collateral as the Depositary deems appropriate, (c) terminable by the Depositary on not more than five (5) business days' notice, and (d) subject to such further indemnities and credit regulations as the Depositary deems appropriate. The number of Shares represented by American Depositary Shares which are outstanding at any time as a result of Pre-Release will not normally exceed thirty percent (30%) of the Shares deposited hereunder; provided, however, that the Depositary reserves the right to disregard such limit from time to time as it reasonably deems appropriate and may, with the prior written consent of the Company, change that limit for purposes of general application. The Depositary will also set Dollar limits with

respect to Pre-Release transactions with any particular Pre-Releasee on a case-by-case basis as the Depositary deems appropriate. The collateral referred to in item (b) above shall be held by the Depositary as security for the performance of the Pre-Releasee's obligations in connection the related Pre-Release transaction, including the Pre-Releasee's obligation to deliver Shares or American Depositary Shares upon termination of that Pre-Release transaction (and shall not, for the avoidance of doubt, constitute Deposited Securities).

The Depositary may retain for its own account any compensation received by it in connection with the foregoing.

9. TITLE TO RECEIPTS.

It is a condition of this Receipt and every successive Owner and Holder of this Receipt by accepting or holding the same consents and agrees that when properly endorsed or accompanied by proper instruments of transfer, shall be transferable as certificated registered securities under the laws of the State of New York. American Depositary Shares not evidenced by Receipts shall be transferable as uncertificated registered securities under the laws of the State of New York. The Depositary, notwithstanding any notice to the contrary, may treat the Owner of American Depositary Shares as the absolute owner thereof for the purpose of determining the person entitled to distribution of dividends or other distributions or to any notice provided for in the Deposit Agreement and for all other purposes, and neither the Depositary nor the Company shall have any obligation or be subject to any liability under the Deposit Agreement to any Holder of American Depositary Shares unless that Holder is the Owner of those American Depositary Shares.

10. VALIDITY OF RECEIPT.

This Receipt shall not be entitled to any benefits under the Deposit Agreement or be valid or obligatory for any purpose, unless this Receipt shall have been (i) executed by the Depositary by the manual signature of a duly authorized officer of the Depositary or (ii) executed by the facsimile signature of a duly authorized officer of the Depositary and countersigned by the manual signature of a duly authorized signatory of the Depositary or a Registrar.

11. REPORTS; INSPECTION OF TRANSFER BOOKS.

The Company is subject to the periodic reporting requirements of the Securities Exchange Act of 1934 and, accordingly, files certain reports with the Securities and Exchange Commission. Those reports will be available for inspection and copying through the Commission's EDGAR system on the Internet at www.sec.gov or at public reference facilities maintained by the Commission located at 100 F Street N.E. in Washington, D.C 20549.

The Depositary will make available for inspection by Owners at its Corporate Trust Office any reports, notices and other communications, including any proxy soliciting material, received from the Company which are both (a) received by the Depositary as the holder of the Deposited Securities and (b) made generally available to the holders of such Deposited Securities by the Company. The Depositary will also, upon written request by the Company, send to Owners copies of such reports when furnished by the Company pursuant to the Deposit Agreement. Any such reports and communications, including any such proxy soliciting material, furnished to the Depositary by the Company shall be furnished in English to the extent such materials are required to be translated into English pursuant to any regulations of the Commission.

The Depositary will keep books, at its Corporate Trust Office, for the registration of American Depositary Shares and transfers of American Depositary Shares which at all reasonable times shall be open for inspection by the Owners, provided that such inspection shall not be for the purpose of communicating with Owners in the interest of a business or object other than the business of the Company or a matter related to the Deposit Agreement or the American Depositary Shares.

12. DIVIDENDS AND DISTRIBUTIONS.

Whenever the Depositary receives any cash dividend or other cash distribution on any Deposited Securities, the Depositary will, if at the time of receipt thereof any amounts received in a foreign currency can in the judgment of the Depositary be converted on a reasonable basis into United States dollars transferable to the United States, and subject to the Deposit Agreement, as promptly as possible, convert such dividend or distribution into dollars and will distribute the amount thus received (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) to the Owners entitled thereto; provided, however, that in the event that the Company or the Depositary is required by applicable law to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities an amount on account of taxes or other governmental charges, the amount distributed to the Owners of the American Depositary Shares representing such Deposited Securities shall be reduced accordingly.

Subject to the provisions of Sections 4.11 and 5.9 of the Deposit Agreement, whenever the Depositary receives any distribution other than a distribution described in Section 4.1, 4.3 or 4.4 of the Deposit Agreement, the Depositary will cause the securities or property received by it to be distributed to the Owners entitled thereto, in any manner that the Depositary may deem equitable and practicable for accomplishing such distribution; provided, however, that if in the opinion of the Depositary such distribution cannot be made proportionately among the Owners of Receipts entitled thereto, or if for any other reason the Depositary deems such distribution not to be feasible, the Depositary may adopt such method as it may deem equitable and practicable for the purpose of effecting such distribution, including, but not limited to, the public or private sale of the

securities or property thus received, or any part thereof, and the net proceeds of any such sale (net of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement) will be distributed by the Depositary to the Owners of Receipts entitled thereto all in the manner and subject to the conditions described in Section 4.1 of the Deposit Agreement. The Depositary may withhold any distribution of securities under Section 4.2 of the Deposit Agreement if it has not received satisfactory assurances from the Company that the distribution does not require registration under the Securities Act of 1933. The Depositary may sell, by public or private sale, an amount of securities or other property it would otherwise distribute under this Article that is sufficient to pay its fees and expenses in respect of that distribution.

If any distribution consists of a dividend in, or free distribution of, Shares, the Depositary may, and shall if the Company shall so request in writing, deliver to the Owners entitled thereto, an aggregate number of American Depositary Shares representing the amount of Shares received as such dividend or free distribution, subject to the terms and conditions of the Deposit Agreement with respect to the deposit of Shares and after deduction or upon issuance of American Depositary Shares, including the withholding of any tax or other governmental charge as provided in Section 4.11 of the Deposit Agreement and the payment of the fees and expenses of the Depositary as provided in Article 7 hereof and Section 5.9 of the Deposit Agreement (and the Depositary may sell, by public or private sale, an amount of Shares received sufficient to pay its fees and expenses in respect of that distribution. In lieu of delivering fractional American Depositary Shares in any such case, the Depositary will sell the amount of Shares represented by the aggregate of such fractions and distribute the net proceeds, all in the manner and subject to the conditions described in Section 4.1 of the Deposit Agreement. If additional American Depositary Shares are not so delivered, each American Depositary Share shall thenceforth also represent the additional Shares distributed upon the Deposited Securities represented thereby.

In the event that the Depositary determines that any distribution in property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charge which the Depositary is obligated to withhold, the Depositary may by public or private sale dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner as the Depositary deems necessary and practicable to pay any such taxes or charges, and the Depositary shall distribute the net proceeds of any such sale after deduction of such taxes or charges to the Owners of Receipts entitled thereto.

13. RIGHTS.

In the event that the Company shall offer or cause to be offered to the holders of any Deposited Securities any rights to subscribe for additional Shares or any rights of any other nature, the Depositary shall, after consultation with the Company, to the extent practicable, have discretion as to the procedure to be followed in making such rights

available to any Owners or in disposing of such rights on behalf of any Owners and making the net proceeds available to such Owners or, if by the terms of such rights offering or for any other reason, the Depositary may not either make such rights available to any Owners or dispose of such rights and make the net proceeds available to such Owners, then the Depositary shall allow the rights to lapse. If at the time of the offering of any rights the Depositary determines in its discretion that it is lawful and feasible to make such rights available to all or certain Owners but not to other Owners, the Depositary may distribute to any Owner to whom it determines the distribution to be lawful and feasible, in proportion to the number of American Depositary Shares held by such Owner, warrants or other instruments therefor in such form as it deems appropriate.

In circumstances in which rights would otherwise not be distributed, if an Owner requests the distribution of warrants or other instruments in order to exercise the rights allocable to the American Depositary Shares of such Owner under the Deposit Agreement, the Depositary will make such rights available to such Owner upon written notice from the Company to the Depositary that (a) the Company has elected in its sole discretion to permit such rights to be exercised and (b) such Owner has executed such documents as the Company has determined in its sole discretion are reasonably required under applicable law.

If the Depositary has distributed warrants or other instruments for rights to all or certain Owners, then upon instruction from such an Owner pursuant to such warrants or other instruments to the Depositary from such Owner to exercise such rights, upon payment by such Owner to the Depositary for the account of such Owner of an amount equal to the purchase price of the Shares to be received upon the exercise of the rights, and upon payment of the fees and expenses of the Depositary and any other charges as set forth in such warrants or other instruments, the Depositary shall, on behalf of such Owner, exercise the rights and purchase the Shares, and the Company shall cause the Shares so purchased to be delivered to the Depositary on behalf of such Owner. As agent for such Owner, the Depositary will cause the Shares so purchased to be deposited pursuant to Section 2.2 of the Deposit Agreement, and shall, pursuant to Section 2.3 of the Deposit Agreement, deliver American Depositary Shares to such Owner. In the case of a distribution pursuant to the second paragraph of this Article 13, such deposit shall be made, and depositary shares shall be delivered, under depositary arrangements which provide for issuance of depositary shares subject to the appropriate restrictions on sale, deposit, cancellation, and transfer under applicable United States laws.

If the Depositary determines in its reasonable discretion that it is not lawful and feasible to make such rights available to all or certain Owners, it may sell the rights, warrants or other instruments in proportion to the number of American Depositary Shares held by the Owners to whom it has determined it may not lawfully or feasibly make such rights available, and allocate the net proceeds of such sales (net of the fees and expenses of the Depositary as provided in Section 5.9 of the Deposit Agreement and all taxes and governmental charges payable in connection with such rights and subject to the terms and

conditions of the Deposit Agreement) for the account of such Owners otherwise entitled to such rights, warrants or other instruments, upon an averaged or other practical basis without regard to any distinctions among such Owners because of exchange restrictions or the date of delivery of any American Depositary Shares or otherwise.

The Depositary will not offer rights to Owners unless both the rights and the securities to which such rights relate are either exempt from registration under the Securities Act of 1933 with respect to a distribution to all Owners or are registered under the provisions of such Act; provided, that nothing in the Deposit Agreement shall create any obligation on the part of the Company to file a registration statement with respect to such rights or underlying securities or to endeavor to have such a registration statement declared effective. If an Owner requests the distribution of warrants or other instruments, notwithstanding that there has been no such registration under the Securities Act of 1933, the Depositary shall not effect such distribution unless it has received an opinion from recognized counsel in the United States for the Company upon which the Depositary may rely that such distribution to such Owner is exempt from such registration, provided, however, that any opinion requested by an Owner to be delivered by the Company's counsel shall be prepared by the Company's counsel at the Owner's expense.

The Depositary shall not be responsible for any failure to determine that it may be lawful or feasible to make such rights available to Owners in general or any Owner in particular.

14. CONVERSION OF FOREIGN CURRENCY.

Whenever the Depositary or the Custodian shall receive foreign currency, by way of dividends or other distributions or the net proceeds from the sale of securities, property or rights, and if at the time of the receipt thereof the foreign currency so received can in the judgment of the Depositary be converted on a reasonable basis into Dollars and the resulting Dollars transferred to the United States, the Depositary shall, as promptly as practicable, convert or cause to be converted by sale or in any other manner that it may determine, such foreign currency into Dollars, and such Dollars shall be distributed to the Owners entitled thereto or, if the Depositary shall have distributed any warrants or other instruments which entitle the holders thereof to such Dollars, then to the holders of such warrants and/or instruments upon surrender thereof for cancellation. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Owners on account of exchange restrictions, the date of delivery of any American Depositary Shares or otherwise and shall be net of any expenses of conversion into Dollars incurred by the Depositary as provided in Section 5.9 of the Deposit Agreement.

If such conversion or distribution can be effected only with the approval or license of any government or agency thereof, the Depositary shall file such application for approval or license, if any, as it may deem desirable.

If at any time the Depositary shall determine that in its judgment any foreign currency received by the Depositary or the Custodian is not convertible on a reasonable basis into Dollars transferable to the United States, or if any approval or license of any government or agency thereof which is required for such conversion is denied or in the opinion of the Depositary is not obtainable, or if any such approval or license is not obtained within a reasonable period as determined by the Depositary, the Depositary may distribute the foreign currency (or an appropriate document evidencing the right to receive such foreign currency) received by the Depositary to, or in its discretion may hold such foreign currency uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled to receive the same.

If any such conversion of foreign currency, in whole or in part, cannot be effected for distribution to some of the Owners entitled thereto, the Depositary may in its discretion make such conversion and distribution in Dollars to the extent permissible to the Owners entitled thereto and may distribute the balance of the foreign currency received by the Depositary to, or hold such balance uninvested and without liability for interest thereon for the respective accounts of, the Owners entitled thereto.

15. RECORD DATES.

Whenever any cash dividend or other cash distribution shall become payable or any distribution other than cash shall be made, or whenever rights shall be issued with respect to the Deposited Securities, or whenever the Depositary shall receive notice of any meeting of holders of Shares or other Deposited Securities, or whenever for any reason the Depositary causes a change in the number of Shares that are represented by each American Depositary Share, or whenever the Depositary shall find it necessary or convenient, the Depositary shall fix a record date (a) for the determination of the Owners who shall be (i) entitled to receive such dividend, distribution or rights or the net proceeds of the sale thereof, (ii) entitled to give instructions for the exercise of voting rights at any such meeting or (iii) responsible for any fee assessed by the Depositary pursuant to the Deposit Agreement, or (b) on or after which each American Depositary Share will represent the changed number of Shares, subject to the provisions of the Deposit Agreement.

16. VOTING OF DEPOSITED SECURITIES.

Upon receipt of notice of any meeting or solicitation of proxies or consents of holders of Shares or other Deposited Securities, if requested in writing by the Company, the Depositary shall, as soon as practicable thereafter, mail to the Owners a notice, the form of which notice shall be in the sole discretion of the Depositary, which shall contain (a) such information (including, without limitation, solicitation materials) as is contained in such notice of meeting received by the Depositary from the Company, (b) a statement that the Owners as of the close of business on a specified record date will be entitled, subject to any applicable provision of Danish law and of the articles of association or similar documents of the Company, to instruct the Depositary as to the

exercise of the voting rights, if any, pertaining to the amount of Shares or other Deposited Securities represented by their respective American Depositary Shares and (c) a statement as to the manner in which such instructions may be given, including an express indication that instructions may be given or deemed given in accordance with the last sentence of this paragraph if no instruction is received, to the Depositary to give a discretionary proxy to a person designated by the Company. Upon the written request of an Owner of American Depositary Shares on such record date, received on or before the date established by the Depositary for such purpose, the Depositary shall endeavor, in so far as practicable, to vote or cause to be voted the amount of Shares or other Deposited Securities represented by those American Depositary Shares in accordance with the instructions set forth in such request. The Depositary shall not itself exercise any voting discretion over any Deposited Securities. If (i) the Company instructed the Depositary to act under Section 4.7 of the Deposit Agreement and (ii) no instructions are received by the Depositary from an Owner with respect to a matter and an amount of American Depositary Shares of that Owner on or before the date established by the Depositary for such purpose, the Depositary shall deem that Owner to have instructed the Depositary to give a discretionary proxy to a person designated by the Company with respect to that matter and the amount of Deposited Securities represented by that amount of American Depositary Shares and the Depositary shall give a discretionary proxy to a person designated by the Company to vote that amount of Deposited Securities as to that matter, except that no such instruction shall be deemed given and no such discretionary proxy shall be given with respect to any matter as to which the Company informs the Depositary (and the Company agrees to provide such information as promptly as practicable in writing, if applicable) that (x) the Company does not wish such proxy given, (y) substantial opposition exists or (z) such matter materially and adversely affects the rights of holders of Shares.

There can be no assurance that Owners generally or any Owner in particular will receive the notice described in the preceding paragraph sufficiently prior to the instruction cutoff date to ensure that the Depositary will vote the Shares or Deposited Securities in accordance with the provisions set forth in the preceding paragraph.

In order to give Owners a reasonable opportunity to instruct the Depositary as to the exercise of voting rights relating to Deposited Securities, if the Company will request the Depositary to act under this Article 16, the Company shall give the Depositary notice of any such meeting and details concerning the matters to be voted upon at least 45 days in advance of the meeting date.

17. CHANGES AFFECTING DEPOSITED SECURITIES.

Upon any change in nominal value, change in par value, split-up, consolidation, or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger or consolidation, or sale of assets affecting the Company or to which it is a party, or upon the redemption or cancellation by the Company of the

Deposited Securities, any securities, cash or property which shall be received by the Depositary or a Custodian in exchange for, in conversion of, in lieu of or in respect of Deposited Securities shall be treated as new Deposited Securities under the Deposit Agreement, and American Depositary Shares shall thenceforth represent, in addition to the existing Deposited Securities, the right to receive the new Deposited Securities so received, unless additional Receipts are delivered pursuant to the following sentence. In any such case the Depositary may deliver additional American Depositary Shares as in the case of a dividend in Shares, or call for the surrender of outstanding Receipts to be exchanged for new Receipts specifically describing such new Deposited Securities.

18. LIABILITY OF THE COMPANY AND DEPOSITARY.

Neither the Depositary nor the Company nor any of their respective directors, officers, employees, agents or affiliates shall incur any liability to any Owner or Holder, (i) if by reason of any provision of any present or future law or regulation of the United States, Denmark or any other country, or of any governmental or regulatory authority or stock exchange, or by reason of any provision, present or future, of the articles of association or any similar document of the Company, or by reason of any provision of any securities issued or distributed by the Company, or any offering or distribution thereof, or by reason of any act of God or war or terrorism or other circumstances beyond its control, the Depositary or the Company shall be prevented, delayed or forbidden from or be subject to any civil or criminal penalty on account of doing or performing any act or thing which by the terms of the Deposit Agreement or Deposited Securities it is provided shall be done or performed, (ii) by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or thing which by the terms of the Deposit Agreement it is provided shall or may be done or performed, (iii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement, (iv) for the inability of any Owner or Holder to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Owners or Holders, or (v) for any special, consequential or punitive damages for any breach of the terms of the Deposit Agreement. Where, by the terms of a distribution pursuant to Section 4.1, 4.2 or 4.3 of the Deposit Agreement, or an offering or distribution pursuant to Section 4.4 of the Deposit Agreement, or for any other reason, such distribution or offering may not be made available to Owners of Receipts, and the Depositary may not dispose of such distribution or offering on behalf of such Owners and make the net proceeds available to such Owners, then the Depositary shall not make such distribution or offering, and shall allow any rights, if applicable, to lapse. Neither the Company, the Depositary, nor any of their respective directors, officers, employees, agents or affiliates, assumes any obligation or shall be subject to any liability under the Deposit Agreement to Owners or Holders, except that they agree to perform their obligations specifically set forth in the Deposit Agreement without negligence or bad faith. The Depositary shall not be subject to any liability with respect to the validity or worth of the Deposited Securities. Neither the Depositary, the Company nor any of their

respective directors, officers, employees, agents or affiliates shall be under any obligation to appear in, prosecute or defend any action, suit, or other proceeding in respect of any Deposited Securities or in respect of the American Depositary Shares, on behalf of any Owner or Holder or other person. Neither the Depositary nor the Company shall be liable for any action or nonaction by it in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Owner or Holder, or any other person believed by it in good faith to be competent to give such advice or information. The Depositary and the Company and their respective directors, officers, employees, agents or affiliates may rely and shall be protected in acting upon any written notice, request, direction or other documents believed by them to be genuine and to have been signed or presented by the proper party or parties. The Depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with any previous act or omission of the Depositary or in connection with a matter arising wholly after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises, the Depositary performed its obligations without negligence or bad faith while it acted as Depositary. The Depositary shall not be liable for the acts or omissions of any securities depository, clearing agency or settlement system in connection with or arising out of book-entry settlement of Deposited Securities or otherwise. The Depositary shall not be responsible for any failure to carry out any instructions to vote any of the Deposited Securities or for the manner in which any such vote is cast or the effect of any such vote, provided that any such action or nonaction is in good faith.

No disclaimer of liability under the Securities Act of 1933 is intended by any provision of the Deposit Agreement.

19. RESIGNATION AND REMOVAL OF THE DEPOSITARY; APPOINTMENT OF SUCCESSOR CUSTODIAN.

The Depositary may at any time resign as Depositary under the Deposit Agreement by written notice of its election so to do delivered to the Company, such resignation to take effect upon the earlier of (i) the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement or (ii) termination by the Depositary pursuant to Section 6.2 of the Deposit Agreement. The Depositary may at any time be removed by the Company by 120 days prior written notice of such removal, to become effective upon the later of (i) the 120th day after delivery of the notice to the Depositary and (ii) the appointment of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary in its discretion may appoint a substitute or additional custodian or custodians.

20. AMENDMENT.

The form of the Receipts and any provisions of the Deposit Agreement may at any time and from time to time be amended by agreement between the Company and the Depositary without the consent of Owners or Holders in any respect which they may

deem necessary or desirable. Any amendment which shall impose or increase any fees or charges (other than taxes and other governmental charges, registration fees, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or which shall otherwise prejudice any substantial existing right of Owners, shall, however, not become effective as to outstanding American Depositary Shares until the expiration of thirty days after notice of such amendment shall have been given to the Owners of outstanding American Depositary Shares. Every Owner and Holder of American Depositary Shares, at the time any amendment so becomes effective, shall be deemed, by continuing to hold such American Depositary Shares or any interest therein, to consent and agree to such amendment and to be bound by the Deposit Agreement as amended thereby. In no event shall any amendment impair the right of the Owner to surrender American Depositary Shares and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law.

21. TERMINATION OF DEPOSIT AGREEMENT.

The Company may terminate the Deposit Agreement by instructing the Depositary to mail notice of termination to the Owners of all American Depositary Shares then outstanding at least 30 days prior to the termination date included in such notice. The Depositary may likewise terminate the Deposit Agreement, if at any time 60 days shall have expired after the Depositary delivered to the Company a written resignation notice and if a successor depositary shall not have been appointed and accepted its appointment as provided in the Deposit Agreement; in such case the Depositary shall mail a notice of termination to the Owners of all American Depositary Shares then outstanding at least 30 days prior to the termination date. On and after the date of termination, the Owner of American Depositary Shares will, upon (a) surrender of such American Depositary Shares, (b) payment of the fee of the Depositary for the surrender of American Depositary Shares referred to in Section 2.5, and (c) payment of any applicable taxes or governmental charges, be entitled to delivery, to him or upon his order, of the amount of Deposited Securities represented by those American Depositary Shares. If any American Depositary Shares shall remain outstanding after the date of termination, the Depositary thereafter shall discontinue the registration of transfers of American Depositary Shares, shall suspend the distribution of dividends to the Owners thereof, and shall not give any further notices or perform any further acts under the Deposit Agreement, except that the Depositary shall continue to collect dividends and other distributions pertaining to Deposited Securities, shall sell rights and other property as provided in the Deposit Agreement, and shall continue to deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any rights or other property, upon surrender of American Depositary Shares (after deducting, in each case, the fee of the Depositary for the surrender of American Depositary Shares, any expenses for the account of the Owner of such American Depositary Shares in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges). At any time after the expiration of four months from the date of termination, the Depositary may sell the

Deposited Securities then held under the Deposit Agreement and may thereafter hold uninvested the net proceeds of any such sale, together with any other cash then held by it thereunder, unsegregated and without liability for interest, for the pro rata benefit of the Owners of American Depositary Shares that have not theretofore been surrendered, such Owners thereupon becoming general creditors of the Depositary with respect to such net proceeds. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement, except to account for such net proceeds and other cash (after deducting, in each case, the fee of the Depositary for the surrender of American Depositary Shares, any expenses for the account of the Owner of such American Depositary Shares in accordance with the terms and conditions of the Deposit Agreement, and any applicable taxes or governmental charges). Upon the termination of the Deposit Agreement, the Company shall be discharged from all obligations under the Deposit Agreement except for its obligations to the Depositary with respect to indemnification, charges, and expenses.

22. DTC DIRECT REGISTRATION SYSTEM AND PROFILE MODIFICATION SYSTEM.

(a) Notwithstanding the provisions of Section 2.4 of the Deposit Agreement, the parties acknowledge that the Direct Registration System (“DRS”) and Profile Modification System (“Profile”) shall apply to uncertificated American Depositary Shares upon acceptance thereof to DRS by DTC. DRS is the system administered by DTC pursuant to which the Depositary may register the ownership of uncertificated American Depositary Shares, which ownership shall be evidenced by periodic statements issued by the Depositary to the Owners entitled thereto. Profile is a required feature of DRS which allows a DTC participant, claiming to act on behalf of an Owner, to direct the Depositary to register a transfer of those American Depositary Shares to DTC or its nominee and to deliver those American Depositary Shares to the DTC account of that DTC participant without receipt by the Depositary of prior authorization from the Owner to register such transfer.

(b) In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties understand that the Depositary will not verify, determine or otherwise ascertain that the DTC participant which is claiming to be acting on behalf of an Owner in requesting registration of transfer and delivery described in subsection (a) has the actual authority to act on behalf of the Owner (notwithstanding any requirements under the Uniform Commercial Code). For the avoidance of doubt, the provisions of Sections 5.3 and 5.8 of the Deposit Agreement shall apply to the matters arising from the use of the DRS. The parties agree that the Depositary’s reliance on and compliance with instructions received by the Depositary through the DRS/Profile System and in accordance with the Deposit Agreement, shall not constitute negligence or bad faith on the part of the Depositary.

23. REGISTRATION OF SHARES; SHARE REGISTER.

The Company agrees to either maintain itself or engage, subject to shareholder approval, a third party (a “Transfer Agent”) reasonably acceptable to the Depositary to maintain a Share Register for the Shares for so long as any American Depositary Shares or Receipts remain outstanding hereunder or this Agreement remains in force.

The Company agrees that it shall, or if the Share Register is maintained by a Transfer Agent, cooperate with the Depositary to ensure that such Transfer Agent shall at any time and from time to time: (a) take any and all action as may be necessary to assure the accuracy and completeness of all information set forth in the Share Register in respect of the Shares; (b) provide to the Depositary, the Custodian or their respective agents unrestricted access to such part of the Share Register, which relates to the Shares during regular business hours in accordance with Danish law, in such manner and upon such terms and conditions as the Depositary may, in its sole reasonable discretion, deem appropriate, to permit the Depositary, the Custodian or their respective agents to confirm the number of Shares registered in the name of the Depositary, the Custodian or their respective nominees, as applicable, pursuant to the terms of the Deposit Agreement and, in connection therewith, to provide the Depositary, the Custodian or their respective agents, upon request, with a duplicative extract from the relevant part of the Share Register duly certified by the Company or the Transfer Agent, as applicable, (or other independent third party reasonably acceptable to the Depositary); (c) promptly effect the re-registration of ownership of Shares deposited pursuant to Section 2.2 of the Deposit Agreement in the Share Register in connection with any deposit or withdrawal of Shares under the Deposit Agreement; (d) permit the Depositary or the Custodian to register any Shares held hereunder in the name of the Depositary, the Custodian or their respective nominees; and (e) to the extent permissible under applicable law, promptly notify the Depositary in writing at any time that (A) the Company or the Transfer Agent, as applicable, eliminates the name of a shareholder of the Company from the Share Register or otherwise alters a shareholder’s interest in the Shares and such shareholder alleges to the Company or the Transfer Agent, as applicable, or publicly that such elimination or alteration is unlawful; (B) the Company no longer will be able materially to comply with, or has engaged in conduct that indicates it will not materially comply with, the provisions of Section 5.13 of the Deposit Agreement relating to it; (C) the Company or the Transfer Agent, as applicable, refuses to re-register Shares in the name of a particular purchaser and such purchaser (or its respective seller) alleges that such refusal is unlawful; (D) the Company or the Transfer Agent, as applicable, holds Shares for the account of the Company; or (E) the Company has materially breached the provisions of Section 5.13 of the Deposit Agreement relating to it and has failed to cure such breach within a reasonable time.

The Depositary agrees that it will instruct the Custodian to maintain custody of all duplicative Share Register extracts (or other evidence of verification) provided to the Depositary, the Custodian or their respective agents pursuant to Section 5.13(b) of the Deposit Agreement. In the event of any material discrepancy between the records of the Depositary or the Custodian and the Share Register, then, if an officer of the ADR

Department of the Depository has actual knowledge of such discrepancy, the Depository shall promptly notify the Company. In the event of any discrepancy between the records of the Depository or the Custodian and the Share Register, the Company agrees that (whether or not it has received any notification from the Depository) it will (i) use, or if the Share Register is maintained by a Transfer Agent, cooperate with the Depository to ensure that the Transfer Agent will use its reasonable efforts to cause the Company to reconcile its records to the records of the Depository or the Custodian and to make such corrections or revisions in the Share Register as may be necessary in connection therewith, and (ii) to the extent the Company or the Transfer Agent, as applicable, is unable to so reconcile such records, promptly instruct the Depository to notify the Owners of the existence of such discrepancy. Upon receipt of such instruction, the Depository shall promptly give such notification to the Owners pursuant to Section 4.9 of the Deposit Agreement (it being understood that the Depository may at any time give such notification to the Owners, whether or not it has received instructions from the Company), and the Depository shall promptly cease issuing American Depositary Shares pursuant to Section 2.2 of the Deposit Agreement until such time as, in the opinion of the Depository, such records have been appropriately reconciled.

24. ARBITRATION; SETTLEMENT OF DISPUTES.

(a) Any controversy, claim or cause of action brought by any party hereto against the Company arising out of or relating to the Shares or other Deposited Securities, the American Depositary Shares, the Receipts or the Deposit Agreement, or the breach hereof or thereof, shall be settled by arbitration in accordance with the International Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof; provided, however, that in the event of any third-party litigation to which the Depository is a party and to which the Company may properly be joined, the Company may be so joined in any court in which such litigation is proceeding; and provided, further, that any such controversy, claim or cause of action brought by a party hereto against the Company relating to or based upon the provisions of the Federal securities laws of the United States or the rules and regulations promulgated thereunder shall be submitted to arbitration as provided in this Article 24 if, but only if, so elected by the claimant.

(b) The place of the arbitration shall be The City of New York, State of New York, United States of America, and the language of the arbitration shall be English.

(c) The number of arbitrators shall be three, each of whom shall be disinterested in the dispute or controversy, shall have no connection with any party thereto, and shall be an attorney experienced in international securities transactions. Each party shall appoint one arbitrator and the two arbitrators shall select a third arbitrator who shall serve as chairperson of the tribunal. If a dispute, controversy or cause of action

shall involve more than two parties, the parties shall attempt to align themselves in two sides (i.e., claimant(s) and respondent(s)), each of which shall appoint one arbitrator as if there were only two parties to such dispute, controversy or cause of action. If such alignment and appointment shall not have occurred within thirty (30) calendar days after the initiating party serves the arbitration demand, the American Arbitration Association shall appoint the three arbitrators, each of whom shall have the qualifications described above. The parties and the American Arbitration Association may appoint from among the nationals of any country, whether or not a party is a national of that country.

(d) The arbitral tribunal shall have no authority to award any consequential, special or punitive damages or other damages not measured by the prevailing party's actual damages and may not, in any event, make any ruling, finding or award that does not conform to the terms and conditions of the Deposit Agreement.

(e) Any controversy, claim or cause of action arising out of or relating to the Shares or other Deposited Securities, the American Depositary Shares, the Receipts or the Deposit Agreement not subject to arbitration hereunder shall be litigated in the Federal and state courts in the Borough of Manhattan, The City of New York and the Company hereby submits to the personal jurisdiction of the court in which such action or proceeding is brought.

25. SUBMISSION TO JURISDICTION; JURY TRIAL WAIVER; WAIVER OF IMMUNITIES.

In the Deposit Agreement, the Company has (i) appointed Corporation Service Company, 80 State Street, Albany, New York, NY 12207-2543, as the Company's authorized agent upon which process may be served in any suit or proceeding (including any arbitration proceeding) arising out of or relating to the Shares or Deposited Securities, the American Depositary Shares, the Receipts or the Deposit Agreement, (ii) consented and submitted to the jurisdiction of any state or federal court in the State of New York in which any such suit or proceeding may be instituted, and (iii) agreed that service of process upon said authorized agent shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding.

EACH PARTY TO THE DEPOSIT AGREEMENT (INCLUDING, FOR AVOIDANCE OF DOUBT, EACH OWNER AND HOLDER) HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING AGAINST THE COMPANY AND/OR THE DEPOSITARY DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THE SHARES OR OTHER DEPOSITED SECURITIES, THE AMERICAN DEPOSITARY SHARES OR THE RECEIPTS, THE DEPOSIT AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREIN OR THEREIN, OR THE BREACH HEREOF OR THEREOF, INCLUDING WITHOUT LIMITATION ANY QUESTION REGARDING EXISTENCE, VALIDITY OR TERMINATION (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).

To the extent that the Company or any of its properties, assets or revenues may have or hereafter become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any respect thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with the Shares or Deposited Securities, the American Depositary Shares, the Receipts or the Deposit Agreement, the Company, to the fullest extent permitted by law, hereby irrevocably and unconditionally waives, and agrees not to plead or claim, any such immunity and consents to such relief and enforcement.

26. DISCLOSURE OF INTERESTS

The Company may from time to time request Owners or Holders or former Owners or Holders to provide information as to the capacity in which they hold or held American Depositary Shares and regarding the identity of any other persons then or previously interested in such American Depositary Shares and the nature of such interest and various other matters. Each such Owner or Holder agrees to provide any such information reasonably requested by the Company or the Depositary pursuant to this Article 26 whether or not still an Owner or Holder at the time of such request. The Depositary agrees to use its reasonable efforts, at the Company's expense, to comply with written instructions received from the Company requesting that the Depositary forward any such requests to such Owners or Holders and to the last known address, if any, of such former Owners or Holders and to forward to the Company any responses to such requests received by the Depositary. However, nothing in this Article 26 shall be interpreted as obligating the Depositary to provide or obtain any such information not provided to the Depositary by such Owners or Holders or former Owners or Holders.



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REF. 47505
26.1.2015

Re. Registration with the US Securities and Exchange Commission of American Depositary Shares representing ordinary shares in the share capital of the Issuer

1. Introduction

- 1.1** I act as Danish legal adviser to the Issuer in connection with the Registration. This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement or related prospectus (the “**Prospectus**”), other than as expressly stated herein with respect to the issue of the Registration Shares. Certain terms used in this opinion are defined in Annex 1 (Definitions).

2. Danish Law

- 2.1** This opinion is limited to Danish law in effect on the date of this opinion and we express no opinion with regard to the laws of any other jurisdiction. The opinion (including all terms used in it) is in all respects to be construed in accordance with Danish law.

3. Scope of Inquiry

3.1 For the purpose of this opinion, I have examined, and relied upon the accuracy of the factual statements and compliance with the undertakings in, the following documents:

3.1.1 A copy of the Registration Statement.

3.1.2 A copy of:

- a) the Issuer's deed of incorporation and articles of association as in effect on today's date;
- b) a compiled summary from the Danish Business Authority dated as of today's date; and
- c) the Owners' Register.

3.2 A copy of:

- a) the Shareholders' Resolutions; and
- b) the form of the Underwriting Agreement.

3.3 In addition, I have examined such documents, and performed such other investigations, as I consider for the purpose of this opinion. My examination has been limited to the text of the documents. With your consent I have relied upon certificates and other assurances of officers of the Company and others as to factual matters without having independently verified such factual matters.

4. Opinion

4.1 Based on the documents and investigations referred to in paragraph 3, I am of the following opinion:

Upon i) final and valid approval and resolution by the Board of Directors of the Company of the capital increase and of the number of Registration Shares to be issued and the price and allocation thereof, pursuant to authorizations in the articles of association as in effect on today's date, ii) subscription of the Registration Shares, including full payment of the subscription price for the Registration Shares to an account in the name of the Issuer, iii) registration of the Board of Directors'

resolutions to increase the share capital with the Danish Business Authority, and iv) the due entry into the Owners' Register of the Registration Shares by the Company's share registrar, the Registration Shares will have been validly issued and will be fully paid and nonassessable. Nonassessable shall in this context mean, in relation to a share, that the issuer of the share has no right to require the holder of the share to pay to the issuer any amount (in addition to the amount required for the share to be fully paid) solely as a result of his shareholding.

5. Reliance

- 5.1** This opinion is an exhibit to the Registration Statement and may be relied upon for the purpose of the Registration. It may not be supplied, and its contents or existence may not be disclosed, to any person other than as an exhibit to (and therefore together with) the Registration Statement and may not be relied upon for any purpose other than the Registration.
- 5.2** Any and all liability and other matters relating to this opinion shall be governed exclusively by Danish law and the Danish courts shall have exclusive jurisdiction to settle any dispute relating to this opinion.
- 5.3** The Issuer may:
- a) file this opinion as an exhibit to the Registration Statement; and
 - b) refer to Mazanti-Andersen Korsø Jensen Law Firm giving this opinion under the heading "Legal Matters" in the Prospectus.
- 5.4** The previous sentence is no admittance from me (or Mazanti-Andersen Korsø Jensen) that I am (or Mazanti-Andersen Korsø Jensen is) in the category of persons whose consent for the filing and reference in that paragraph is required under Section 7 of the Securities Act or any rules or regulations of the SEC promulgated under it.

Yours sincerely,

/s/ Lars Lüthjohan Jensen

Lars Lüthjohan Jensen

In this opinion:

“**Danish law**” means the law directly applicable in Denmark.

“**IPO**” means the listing of the Company’s American Depositary Shares on The NASDAQ Global Market.

“**Issuer**” means Ascendis Pharma A/S, with corporate seat in Gentofte, Denmark.

“**Option Shares**” means up to the new ordinary shares, nominal value DKK 1 each, in the Issuer’s share capital, underlying the American Depositary Shares created by The Bank of New York Mellon which may be subscribed for by the Underwriters pursuant to an over-allotment option provided by the Issuer.

“**Owners’ Register**” means the Issuer’s owners’ register.

“**Registration**” means the registration of the Registration Shares with the SEC under the Securities Act.

“**Registration Shares**” means the Subscription Shares and the Option Shares.

“**Registration Statement**” means the registration statement on Form F-1 (Registration No. 333-201050) in relation to the Registration initially filed with the SEC on December 18, 2014 (excluding any documents incorporated by reference in it and any exhibits to it).

“**SEC**” means the U.S. Securities and Exchange Commission.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Shareholders’ Resolutions**” means the minutes for the general meeting held on 26 January 2015 resolving amendments to the articles of association providing, inter alia, for i) the issuance of bonus shares, ii) the adoption of an authorization to the Board of Directors to issue the Registration Shares, iii) adoption of certain authorizations to the Board of Directors to issue shares, convertible bonds and warrants following an IPO, iv) adoption of conversion of the shares of the Issuer into one share class in book-entry form; and v) adoption of certain amendments and changes to the articles of association to reflect the listing of the Issuer’s shares and amendment of its articles of association.

“**Subscription Shares**” means the new ordinary shares, nominal value DKK 1 each, in the Issuer’s share capital, underlying the American Depositary Shares created by The Bank of New York Mellon to be subscribed for by the underwriters in the IPO.

“**Underwriting Agreement**” means the draft underwriting agreement between the Issuer and the underwriters named in it filed as an exhibit to the Registration Statement.



Ascendis Pharma A/S
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ADVOKATPARTNERSELSKAB
VAT DK 35 89 20 52

REF. 47505
26.1.2015

Re. Registration with the US Securities and Exchange Commission of American Depositary Shares representing ordinary shares in the share capital of the Issuer

1. Introduction

- 1.1** I act as Danish legal adviser to the Issuer in connection with the Registration. This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement or related prospectus (the “**Prospectus**”), other than as expressly stated herein with respect to the issue of the Registration Shares. Certain terms used in this opinion are defined in Annex 1 (Definitions).

2. Danish Law

- 2.1** This opinion is limited to Danish law in effect on the date of this opinion and we express no opinion with regard to the laws of any other jurisdiction. The opinion (including all terms used in it) is in all respects to be construed in accordance with Danish law.

3. Scope of Inquiry

3.1 For the purpose of this opinion, I have examined, and relied upon the accuracy of the factual statements and compliance with the undertakings in, the following documents:

3.1.1 A copy of the Registration Statement.

3.1.2 A copy of the Issuer's deed of incorporation and articles of association as registered with the Danish Business Authority as of today's date and the articles of association as they will be in effect at the time of the issue of the Registration Shares.

3.2 In addition, I have examined such documents, and performed such other investigations, as I consider for the purpose of this opinion. My examination has been limited to the text of the documents. With your consent I have relied upon certificates and other assurances of officers of the Company and others as to factual matters without having independently verified such factual matters.

4. Opinion

4.1 Based on the documents and investigations referred to in paragraph 3, I am of the following opinion:

Upon the execution of the articles of association in the form referred to in this opinion, the statements in the Registration Statement under the heading "Danish Tax Considerations", to the extent that they include statements as to Danish tax law, are correct.

5. Reliance

5.1 This opinion is an exhibit to the Registration Statement and may be relied upon for the purpose of the Registration. It may not be supplied, and its contents or existence may not be disclosed, to any person other than as an Exhibit to (and therefore together with) the Registration Statement and may not be relied upon for any purpose other than the Registration.

5.2 Any and all liability and other matters relating to this opinion shall be governed exclusively by Danish law and the Danish courts shall have exclusive jurisdiction to settle any dispute relating to this opinion.

- 5.3** The Issuer may:
- a) file this opinion as an exhibit to the Registration Statement; and
 - b) refer to Mazanti-Andersen Korsø Jensen Law Firm giving this opinion under the heading “Legal Matters” in the Prospectus.
- 5.4** The previous sentence is no admittance from me (or Mazanti-Andersen Korsø Jensen) that I am (or Mazanti-Andersen Korsø Jensen is) in the category of persons whose consent for the filing and reference in that paragraph is required under Section 7 of the Securities Act or any rules or regulations of the SEC promulgated under it.

Yours sincerely,

/s/ Lars Lüthjohan Jensen

Lars Lüthjohan Jensen

In this opinion:

“**Danish law**” means the law directly applicable in Denmark.

“**IPO**” means the listing of the Company’s American Depositary Shares on The NASDAQ Global Market.

“**Issuer**” means Ascendis Pharma A/S, with corporate seat in Gentofte, Denmark.

“**Option Shares**” means the new ordinary shares, nominal value DKK 1 each, in the Issuer’s share capital, underlying the American Depositary Shares created by The Bank of New York Mellon which may be subscribed for by the Underwriters pursuant to an over-allotment option provided by the Issuer.

“**Registration**” means the registration of the Registration Shares with the SEC under the Securities Act.

“**Registration Shares**” means the Subscription Shares and the Option Shares.

“**Registration Statement**” means the registration statement on Form F-1 (Registration No. 333-201050) in relation to the Registration initially filed with the SEC on December 18, 2014 (excluding any documents incorporated by reference in it and any exhibits to it).

“**SEC**” means the U.S. Securities and Exchange Commission.

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

“**Subscription Shares**” means the new ordinary shares, nominal value DKK 1 each, in the Issuer’s share capital, underlying the American Depositary Shares created by The Bank of New York Mellon to be subscribed for by the underwriters in the IPO.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Amendment No. 2 to Registration Statement No. 333-201050 of our report dated August 1, 2014 (January 16, 2015, as to the effects of the bonus share issuance and the consequential impact on the warrants as described in Note 1), relating to the consolidated financial statements of Ascendis Pharma A/S (which report expresses an unqualified opinion on the financial statements and includes an explanatory paragraph referring to the restatement of the previously issued consolidated financial statements for the year ended December 31, 2013 and substantial doubts over going concern, as described in Note 1), appearing in the Prospectus, which is part of this Registration Statement.

We also consent to the reference to us under the heading “Experts” in such Prospectus.

Deloitte Statsautoriseret Revisionspartnerselskab

Copenhagen, Denmark
January 26, 2015

/s/ Jens Sejer Pedersen
State Authorised
Public Accountant

/s/ Flemming Larsen
State Authorised
Public Accountant