Abacus Medicine Holding ApS

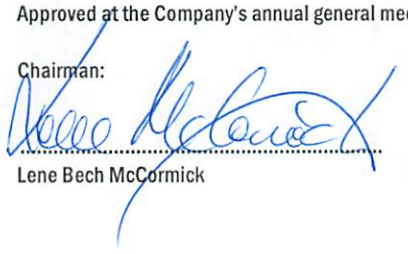
Vesterbrogade 149, 1620 København V

CVR no. 25 66 77 35

Annual report 2017

Approved at the Company's annual general meeting on 30 May 2018

Chairman:



Lene Bech McCormick

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Statement by Management on the annual report

Today, Executive Management has approved the Annual Report of Abacus Medicine Holding ApS for the financial year 1 January – 31 December 2017.

The Annual Report is prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2017.

In our opinion, the Management's Review includes a true and fair review of the development in the Group's and the Parent Company's operations and financial conditions, of the results for the year and of the financial position of the Group and the Parent Company, as well as a description of the more significant risks and uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be approved at the Annual General Meeting.

Copenhagen, 30 May 2018

Executive Board:

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Flemming Wagner
CEO

Independent auditors' reports

To the shareholders of Abacus Medicine Holding ApS

Opinion

We have audited the consolidated financial statements and the Parent Company financial statements of Abacus Medicine Holding ApS for the financial year 1 January – 31 December 2017, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the Parent Company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the Parent Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Independent auditor's report

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and Parent Company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 30 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Barner Christiansen
State Authorised
Public Accountant
MNE no.: mne10778

Ole Becker
State Authorised
Public Accountant
MNE no.: mne33732

Management's review

Management commentary

Business review

The main business of the company is to hold the majority of the shares in the subsidiary, Abacus Medicine A/S and its subsidiaries. The core business the Group is parallel imports of pharmaceuticals from the EU and the EEA.

Financial review

Revenue of the Group rose to EUR 253.1 million in 2017 against EUR 177.9 million in 2016, corresponding to a 42% growth. In a largely stable market for parallel imports and parallel distribution of pharmaceuticals with total market growth rates estimated in the range of 1-1.5%, the Group has found an efficient formula for organic growth. We increased revenue by the aforementioned 42% in 2017 and by 59% in 2016 and have thus captured substantial market shares. Gross profit rose to EUR 22.3 million in 2017 from EUR 16.2 million in 2016. Gross margin remained at 9% in a year where we saw signs of increasing price competition, not least in the important German market.

Growth in 2017 came primarily from current markets. During the year, the Group entered a number of new markets, which contributed to a modest share of total revenue.

The significant organic growth is closely connected to our strategic focus on expanding our product portfolio. We applied for and received 806 new marketing authorisations in 2017 and thereby reached a total of 2,515 national and European authorisations.

EBITDA rose to EUR 9.4 million in 2017 against EUR 6.6 million in 2016. Our EBITDA margin came to 4%, which demonstrates that the Group continues to create high, organic growth, while operating with above average profitability in our industry.

The operating profit was affected by rising staff costs resulting in EUR 7.6 million in 2017 against EUR 5.1 million in 2016. The average number of full time employees in the Group rose to 349 in 2017 against 206 in 2016.

Profit for the year has increased from EUR 656 thousand in 2013 to EUR 4,114 thousand in 2017. Management considers the profit for the year, satisfactory.

The intangible assets have increased by 114%, mainly driven by acquired IP rights and goodwill as well as an increase in marketing permits and product approvals. The increase in the inventory of 69% from 2016 to 2017 is following the growth of the the Group. The decrease in trade and other receivables of 68% is explained by a new agreement with the bank, which has resulted in a derecognition of the receivables which are sold to the bank through the factoring agreement. Accordingly, the borrowings have decreased by 27%.

The Group has adopted IFRS as for 2017, and comparative numbers for 2015 and 2016 accordingly been converted from the Danish Financial Statements Act, which has previously been the accounting framework. Please see note 31 of the consolidated Group accounts for further descriptions of the impact.

Material recognition and measurement uncertainties

Revenue is recognised as revenue when the goods are delivered to the customer. In certain cases, customers enjoy a usual right of return. In connection with the preparation of the financial statements, Management assesses the risk associated with this usual trade term and makes provisions, if required, including cut-offs.

Intangible assets consist among other of marketing permits and product approvals, which are required to sell the products. The valuation depends on future sales, hence valuation is based on Management's best estimate based on knowledge and expectations of future sales.

Management commentary (continued)

Unusual matters

No unusual matters occurred in the financial year which have had a material effect on the Group and Parent Company's financial position.

Investments

Total investments in intangible and tangible assets amounted to EUR 5.3 million in 2017. As in previous years, we primarily invested in marketing permits and product approval in order to gain access to distributing new products in new markets and further also IP rights. As these expenses relate to specific products and are considered to have a long-term financial value for the Group, they are capitalised, cf. the section "Accounting policies".

Capital resources

We continually adapt our capital resources to the growing level of activity. New, short-term credit lines were successfully negotiated during 2017, and Management will continue to explore the possibilities of obtaining further capital in the market, to support the development and growth of the Group.

Event after the balance sheet date

No events have occurred after the balance sheet date which could have a material effect on the Group and Parent Company's financial position at 31 December 2017.

Outlook

For 2018, Management expects that the Group will achieve significant, organic growth of around 13-26%. Like in 2017, we will expand our product portfolio and seek to enter new, geographic markets. The Group revenue is expected to be within the range of EUR 285-320 million and the EBITDA margin is expected to be around 4% in 2018.

2018 will also be a year of large investments for the future, primarily investments in IT and production technology. A new ERP system will strengthen our operations in warehouse and production, and in line with the rest of the pharmaceutical industry we are investing large resources in technology that will allow us to fulfil the demands of the EUs Falsified Medicines Directive well before the deadline in February 2019.

As a result of our ambitions for continued growth and investments, it will be an important Management task during 2018 to seek solutions for strengthening our capital base even more.

Special risks

Price risks

The Group sources pharmaceuticals at various suppliers based on expectations for future sales. As the market price of these pharmaceuticals may vary quite substantially, there is a risk that the actual prices of products sold may deviate from the expected price.

Regulatory risk: The Falsified Medicines Directive (FMD)

The EU's falsified medicines directive (2011/62/eu) becomes effective on February 9, 2019. It will establish a digital system to verify the authenticity of medicinal products, identify individual packs, and check whether the outer packaging of medicines has been tampered with.

The FMD will affect all pharmaceutical manufacturers and the entire supply chain, including Abacus Medicine A/S. Abacus Medicine A/S expects that FMD will simplify QA activities and reduce process time.

Management's review

Management commentary (continued)

Starting in 2017, we have been dedicating significant staff resources and investments in IT and production equipment to this project. Abacus Medicine A/S expects to be fully compliant with the FMD well before the deadline in February 2019.

Financial risks

Currency risks

The Group operates in more than a dozen countries and our profit, cash flows and equity are affected by exchange rate fluctuations, particularly SEK and GBP when it comes to sales and a number of different currencies, when it comes to purchases. It is our policy to hedge significant commercial currency risks, primarily via foreign exchange contracts. Speculative currency transactions are not made. Currency adjustments of investments in subsidiaries are recognised directly in other comprehensive income. Relating foreign exchange risks are generally not hedged, as Management is of the opinion that regular hedging of such long-term investments will not be optimal taking into account the overall risk and costs.

Interest rate risks

The Group's interest-bearing debt, which accounts for a significant part of the balance sheet total implies that changes in the interest rate level will have a material impact on the Group's results of operations. The Group has not hedged interest rate risks.

Liquidity risks

Parallel import is a very liquidity-intensive industry, and the Group aims to have sufficient credit facilities that can accommodate the fluctuations that occur in day-to-day operations, and that within these facilities the Group has sufficient reserves for account unforeseen liquidity needs. This objective is met through building and maintaining sound and trustworthy relationships with bank and factoring relationships which have resulted in the existence of sufficiently large credit lines for factoring and overdraft facilities.

Diversity

The Group intends to appoint candidates with the best profiles and qualifications, as this is considered best for the Group. When appointing candidates, the Group will take gender into consideration, however with due regard to the Group's other recruitment criteria, including requirements as to professional qualifications, industry experience, educational background, etc., as it is first and foremost essential that the Group's board members and top executives possess the right qualifications.

The Group pursues the aim of having one female member of the Board of Directors in Abacus Medicine A/S in 2019. As the Group did not have female candidates with the right profile, the Group did not achieve this aim in 2017.

The Group also intends to increase the proportion of women in the executive management team and as well as middle management of the Group, to reflect the share of women employed within the Group, which is showed below:

	2017		2016	
	Women	Men	Women	Men
Board of Directors	0 %	100 %	0 %	100 %
Executive management	29 %	71 %	17 %	83 %
Managers	23 %	77 %	26 %	74 %

In connection with the recruitment of Executive management and managers, the Group focuses on gender equality if there are qualified applicants.

Management's review

Management commentary (continued)

Corporate Social Responsibility

Management considers corporate social responsibility to be important. Management commitment to the sustainable development of the Group is based on combining financial performance with socially responsible behaviour and environmental awareness.

In 2017, the Group did not have an explicit CSR policy including human rights, environment and climate but aims to maintain and enhance its professional and commercial relations with internal and external stakeholders based on mutual respect. Abacus Medicine A/S aims to comply with applicable local and international legislation.

The Group will for 2018 and onwards have more focus on CSR and have formulated a policy which has been approved by the Board of Directors. The CSR policy anchors the CSR activities at the executive management level. Our policy is rooted in the principles of the UN Global Compact and the UN Sustainable Development Goals and become effective from 2018.

Further, we have prioritized a number of focus areas for CSR in 2018, including the environment, employees, anti-corruption and medicine safety and set specific goals for each of these.

Management's review

Financial highlights for the Group

In EUR thousands	2017	2016	2015	2014*	2013*
Key figures					
Revenue	253,056	177,850	111,884	83,870	65,629
Gross profit	22,259	16,179	10,312	9,044	5,654
Operating profit before depreciation and amortisation (EBITDA)	9,403	6,589	4,559	4,651	2,975
Operating profit	7,546	5,079	3,304	3,488	1,796
Financial expenses, net	-1,690	-834	-596	-1,064	-964
Profit for the year	4,114	3,079	1,983	1,771	656
Non-current assets	11,889	5,498	4,536	4,485	4,761
Current assets	44,970	52,669	40,930	20,476	16,907
Total assets	56,859	58,167	45,466	24,961	21,668
Portion relating to investments in items of property, plant and equipment	1,491	593	359	244	59
Portion relating to investments in intangible assets	10,218	4,779	4,076	4,150	4,425
Equity	6,302	3,001	8,147	3,100	613
Non-current liabilities	4,379	4,962	916	3,438	34
Current liabilities	46,178	50,204	36,403	18,423	20,831
Cash flows from operating activities	20,996	-1,343	-14,168	2,050	261
Cash flow from investing activities	-5,013	-1,340	-1,225	-915	-1,587
Of which relate to intangible assets	-3,938	-1,530	-1,039	-767	-1,531
Of which relate to tangible assets	-1,350	-509	-266	-117	-58
Cash flows from financing activities	-30,096	62	8,848	3,359	-
Total cash flows	-14,113	-2,621	-6,545	4,494	-1,326
Financial ratios					
Gross margin	9%	9%	9%	11%	9%
Revenue growth	42%	59%	33%	28%	29%
EBITDA margin	4%	4%	4%	6%	5%
Return on invested capital (ROIC)	33%	34%	30%	62%	46%
Solvency ratio	11%	5%	18%	12%	3%
Return on equity	65%	103%	24%	57%	107%
Average number of full-time employees	349	206	136	111	88

*Based on Local GAAP adjusted for the accounting treatment of the factoring agreement, thus receivables and payables are gross in the balance sheet only.

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios. For terms and definition, please see accounting policies.

Management's review

Company information

Name	Abacus Medicine Holding ApS
Address	Vesterbrogade 149 1620 København V
CVR-no.	25 66 77 35
Founded	15.10.2000
Registered municipality	Copenhagen
Financial year	1 January - 31 December
Homepage	http://www.abacusmedicine.com/
E-mail	info@abacusmedicine.com
Telephone	+45 70 22 02 12
Management	Flemming Wagner, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, 2000 Frederiksberg

Consolidated financial statements 1 January – 31 December

Income statement

Note	EUR'000	2017	2016	2015
3, 4	Revenue	253,056	177,850	111,884
	Cost of sales	-223,744	-157,185	-98,894
	Product profit	29,312	20,665	12,990
	Other external costs	-7,053	-4,486	-2,678
	Gross profit	22,259	16,179	10,312
5	Staff costs	-12,856	-9,590	-5,753
	Operating profit before depreciations and amortisation (EBITDA)	9,403	6,589	4,559
7	Depreciation and amortisation	-1,857	-1,510	-1,255
	Operating profit	7,546	5,079	3,304
10	Finance income	202	198	138
10	Finance expenses	-1,892	-1,032	-734
	Profit before tax	5,856	4,245	2,708
11	Tax	-1,742	-1,166	-725
	Profit for the year	4,114	3,079	1,983
	Attributable to:			
	Equity holders of the parent	3,845	2,562	1,411
	Non-controlling interests	269	517	572
		4,114	3,079	1,983

Consolidated financial statements 1 January – 31 December

Statement of other comprehensive income

Note	EUR'000	2017	2016	2015
	Profit for the year	4,114	3,079	1,983
	Other comprehensive income			
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
	Cash flow hedges – effective portion of changes in fair value	25	1	-110
	Exchange differences on translation of foreign operations	-14	31	-7
11	Income tax effect	-5	0	26
		6	32	-91
	Other comprehensive income/(loss) for the year, net of tax	6	32	-91
	Total comprehensive income	4,120	3,111	1,892
	Attributable to:			
	Equity holders of the parent	3,851	2,594	1,320
	Non-controlling interests	269	517	572
		4,120	3,111	1,892

Consolidated financial statements 1 January – 31 December

Balance sheet

Note	EUR'000	2017	2016	2015	As at 1 January 2015
	ASSETS				
	Non-current assets				
12	Intangible assets	10,218	4,779	4,076	4,176
13	Property, plant and equipment	1,491	593	359	208
	Other receivables	180	113	101	106
11	Deferred tax asset	-	13	-	-
	Total non-current assets	11,889	5,498	4,536	4,485
	Current assets				
14	Inventory	33,364	19,741	8,736	4,095
15	Trade and other receivables	10,562	31,502	31,831	15,387
22	Cash and cash equivalents	1,044	1,426	363	994
	Total current assets	44,970	52,669	40,930	20,476
	TOTAL ASSETS	56,859	58,167	45,466	24,961
	EQUITY AND LIABILITIES				
	Equity				
16	Share capital	17	17	17	17
	Other reserves	-17	-23	-55	36
	Retained earnings	5,492	2,647	5,756	2,670
	Equity attributable to equity holders of the parent	5,492	2,641	5,718	2,723
	Non-controlling interests	810	360	2,429	377
	Total Equity	6,302	3,001	8,147	3,100
	Non-current liabilities				
11	Deferred tax liabilities	1,100	673	769	603
	Subordinated loan capital	-	-	-	2,687
18	Borrowings	3,132	4,141	-	-
28	Other payables	147	147	147	148
	Total non-current liabilities	4,379	4,961	916	3,438
	Current liabilities				
20	Provisions	543	274	134	-
18	Borrowings	24,814	36,225	27,773	13,011
19	Trade payables	11,016	6,212	3,116	2,378
11	Income tax payable	1,088	1,738	669	175
	Other payables	8,717	5,756	4,711	2,859
	Total current liabilities	46,178	50,205	36,403	18,423
	Total liabilities	50,557	55,166	37,319	21,861
	TOTAL EQUITY AND LIABILITIES	56,859	58,167	45,466	24,961

Consolidated financial statements 1 January – 31 December

Cash flow statement

Note	EUR'000	2017	2016	2015
	Operating activities			
	Profit before tax	5,856	4,245	2,708
	Adjustments to reconcile profit before tax to net cash flows:			
7	Depreciation and amortisation	1,857	1,510	1,255
	Finance income	-202	-198	-138
	Finance expenses	1,892	1,032	734
	Working capital adjustments:			
	Non-cash items, net	591	1,505	449
21	Change in working capital	14,458	-8,392	-18,606
	Cash flow from operations	**24,452**	**-298**	**-13,598**
	Interest received	202	180	138
	Interest paid	-1,701	-1,032	-669
	Income tax paid	-1,957	-193	-39
	Net cash flows from operating activities	**20,996**	**-1,343**	**-14,168**
	Investing activities			
12	Purchase of intangible assets	-3,938	-1,530	-1,039
13	Purchase of property, plant and equipment	-1,350	-509	-266
25	Business combinations	323	698	-
	Change in deposit	-52	-12	5
	Disposals, non-current assets	4	13	75
	Net cash flows used in investing activities	**-5,013**	**-1,340**	**-1,225**
	Financing activities			
	Proceeds from factoring debt	133,288	160,065	100,696
	Proceeds from borrowings	-	8,805	-
	Repayment of factoring debt	-156,129	-158,364	-91,848
	Change in deposits regarding bank agreement	-6,133	-1,597	-
	Proceed from exercise of warrants	287	-	-
	Minorities acquired	-	-8,747	-
	Dividend, paid to minorities	-397	-99	-
	Dividend, paid to shareholders	-1,008	-	-
	Net cash flows from financing activities	**-30,096**	**62**	**8,848**
	Cash flow for the year	-14,113	-2,621	-6,545
	Cash and cash equivalents and borrowings at 1 January	-8,891	-6,270	275
22	**Cash and cash equivalents and borrowings at 31 December**	**-23,004**	**-8,891**	**-6,270**

The above cannot be derived directly from the income statement and the balance sheet.

The reason for the positive development in operating cash flow and according the negative impact in finance cash flow is the new agreement of sales of receivables to the factoring company. Please see note 15 for further explanations of the new agreement.

Consolidated financial statements 1 January – 31 December

Statement of changes in equity in 2017

EUR'000	Share capital	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total before non-controlling interests	Non-controlling interest	Total
Equity 1 January 2017	**17**	**-47**	**24**	**2,647**	**2,641**	**360**	**3,001**
Total comprehensive income 2017							
Profit for the year	-	-	-	3,845	3,845	269	4,114
Other comprehensive income							
Cash flow hedges – effective portion of changes in fair value	-	25	-	-	25	-	25
Exchange differences on translation of foreign operations	-	-	-14	-	-14	-	-14
Tax on other comprehensive income	-	-5	-	-	-5	-	-5
Total other comprehensive income	**-**	**20**	**-14**	**-**	**6**	**-**	**6**
Total comprehensive income for the period	**-**	**20**	**-14**	**3,845**	**3,851**	**269**	**4,120**
Transactions with owners							
Equity-settled share-based payments	-	-	-	284	284	11	295
Dividends	-	-	-	-1,000	-1,000	-397	-1,397
Change in ownership of subsidiary	-	-	-	-284	-284	567	283
Total	-	-	-	-1,000	-1,000	181	-819
Equity 31 December 2017	**17**	**-27**	**10**	**5,492**	**5,492**	**810**	**6,302**

Consolidated financial statements 1 January – 31 December

Statement of changes in equity in 2016

EUR'000	Share capital	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total before non-controlling interests	Non-controlling interest	Total
Equity 1 January 2016	**17**	**-48**	**-7**	**5,756**	**5,718**	**2,429**	**8,147**
Total comprehensive income 2016							
Profit for the year	-	-	-	2,562	2,562	517	3,079
Other comprehensive income							
Cash flow hedges – effective portion of changes in fair value	-	1	-	-	1	-	1
Exchange differences on translation of foreign operations	-	-	31	-	31	-	31
Total other comprehensive income	**-**	**1**	**31**	**-**	**32**	**-**	**32**
Total comprehensive income for the period	**-**	**1**	**31**	**2,562**	**2,594**	**517**	**3,111**
Transactions with owners							
Equity-settled share-based payments	-	-	-	491	491	98	589
Change in ownership of subsidiary	-	-	-	-6,162	-6,162	-2,585	-8,747
Dividends	-	-	-	-	-	-99	-99
Total transactions with owners	-	-	-	-5,671	-5,671	-2,586	-8,158
Equity 31 December 2016	**17**	**-47**	**24**	**2,647**	**2,641**	**360**	**3,001**

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Statement of changes in equity in 2015

EUR'000	Share capital	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total before non-controlling interests	Non-controlling interest	Total
Equity 1 January 2015	**17**	**36**	**-**	**2,670**	**2,723**	**377**	**3,100**
Total comprehensive income 2015							
Profit for the year	-	-	-	1,411	1,411	572	1,983
Other comprehensive income							
Cash flow hedges – effective portion of changes in fair value	-	-110	-	-	-110	-	-110
Exchange differences on translation of foreign operations	-	-	-7	-	-7	-	-7
Tax on other comprehensive income	-	26	-	-	26	-	26
Total other comprehensive income	**-**	**-84**	**-7**	**-**	**-91**	**-**	**-91**
Total comprehensive income for the period	**-**	**-84**	**-7**	**1,411**	**1,320**	**572**	**1,892**
Transactions with owners							
Equity-settled share-based payments	-	-	-	278	278	115	393
Convertion of loan to equity	-	-	-	1,900	1,900	787	2,687
Equity movements in subsidiary, etc.	-	-	-	-503	-503	578	75
Total transactions with owners	-	-	-	1,675	1,675	1,480	3,155
Equity 31 December 2015	**17**	**-48**	**-7**	**5,756**	**5,718**	**2,429**	**8,147**

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Notes

1 Accounting policies

Abacus Medicine Holding ApS is a private limited company registered in Denmark. The financial statements section of the annual report, for the period 1 January – 31 December 2017, comprises both the consolidated financial statements of Abacus Medicine Holding ApS and its subsidiaries (the Group) and the separate Parent Company financial statements.

The consolidated financial statements for Abacus Medicine Holding ApS for 2017 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements according to the Danish Financial Statements Act applying to large reporting class C entities.

The financial statements are prepared based on the standards and interpretations that are effective as of 31 December 2017. The consolidated income statement and the consolidated statement of financial positions separately present items that are considered individually significant or are required under the minimum presentation of IAS 1. When determining whether an item is individually significant, Abacus Medicine Holding ApS considers both quantitative and qualitative factors. If the presentation or disclosure of an item is not decision-useful, the information is considered insignificant. Explanatory disclosure notes related to the consolidated financial statements are presented for individually significant items. Where separate presentation of a line item is made solely due to minimum presentation requirements in IAS 1, no further disclosures are provided in respect of that line item.

The Executive Board have on 30 May 2018 approved the annual report for Abacus Medicine Holding ApS for 2017. The annual report will be presented to the shareholders of Abacus Medicine Holding ApS for adoption at the annual general meeting on 30 May 2018.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). For all periods up to and including the year ended 31 December 2014, the Group prepared its financial statements in accordance with the Danish Financial Statements Act (Local GAAP). These financial statements for the year ended 31 December 2017 including the comparative numbers for 2016 and 2015 are the first the Group has prepared in accordance with IFRS as adopted by the EU and additional requirements according to the Danish Financial Statements Act. The impact of the transition is limited to the recognition of the warrant programme from 2015 in accordance with IFRS 2 Share based payments and the presentation of the receivables covered by factoring, which were presented as a net amount under Local GAAP, but are presented gross under IFRS. Refer to Note 31 for information on how the Group adopted IFRS.

The consolidated financial statements have been presented in euros, rounded to the nearest thousand (EUR'000).

Presentation currency

Management has elected to use euro as the Group's presentation currency, as they believe that this will provide the users of the annual report with the best view of the Group's activities. The financial statements are presented in euros for all periods disclosed within the financial statements.

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Notes

1 **Accounting policies (continued)**

Consolidated financial statements

The consolidated financial statements comprise the financial statements of Abacus Medicine Holding ApS (the Parent) and the subsidiaries controlled by the Parent, as at 31 December 2017. The Group controls an entity when it is exposed to or has rights to variable returns from its involvement in the entity, and has the ability to affect those returns through its power over the entity.

On consolidation, intra-Group income and expenses, shareholdings, intra-Group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity. The items in the financial statements of subsidiaries are fully included in the consolidated financial statements. The proportionate share of the earnings attributable to minority interests is included in the Group's profit/loss for the year and as a separate share of the Group's equity. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated profit or loss until the date of disposal and settlement date.

The acquisition method is applied to acquisitions of new businesses over which Abacus Medicine Holding ApS obtains control. The acquired businesses' identifiable assets and liabilities are measured at fair value at the acquisition date. Deferred tax related to the fair value adjustments in identified net assets is recognised.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

Costs directly attributable to the acquisition are expensed as incurred.

Foreign currency translation

On initial recognition, foreign currency transactions are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the rate at the transaction date and the rate at the date of payment are recognised in profit or loss as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the date of the statement of financial position. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognised is recognised in profit or loss as financial income or financial expenses.

Foreign subsidiaries are seen as independent business units. The profit or loss is translated at an average exchange rate for the month, and the statement of financial position items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of such entities at closing rates, and on translation of profit or loss at average exchange rates to the closing rates, are recognised in other comprehensive income.

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Notes

1 Accounting policies (continued)

Derivative financial instruments

Initial recognition

The Group uses forward currency contracts (derivative financial instruments) to hedge its foreign currency risks relating to receivables and payables. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

Cash flow hedges

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions. The ineffective portion relating to foreign currency contracts is recognised within finance costs.

The effective portion of gains or losses on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

Amounts recognised within other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss.

Income Statement

Revenue

Revenue from sale of goods is recognised in the income statement, provided that the risks and rewards have been transferred to the buyer, the income can be reliably measured and the revenue is expected to be received.

The buyer has, in some cases, the right of return prior to resale and delivery to a third party. The Group recognises revenue for this at the time of the physical delivery to the buyer, to the extent that it can reliably measure the value of goods that will not be returned after the statement of financial position date.

Revenue is measured at fair value of the agreed consideration, excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

Cost of sales includes pharmaceutical goods and consumables used in generating the year's revenue.

Other external costs

Other external costs include expenses in regards to the Group's principal activities, arising during the year. This includes expenses for sales, advertisement, administration, office buildings etc.

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Notes

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including share-based payments, holiday pay and pensions, as well as other expenses for social security etc., relating to the Group's employees. Within staff costs, any compensation received from public authorities has been deducted.

Incentive programs under which the employee have the opportunity for net settlement are recognised on a regular basis with the share of the earned value and are, similarly, recognised under "Other payables". The value of the underlying agreement is defined in the contracts and depends on the Group's earnings.

Share-based payments

Employees of the Group receive remuneration in the form of share-based payments, whereby program participants render services as consideration for equity instruments ("equity-settled transactions") or cash ("cash-settled transactions"), which is relevant for the program where the employees have the option to choose between equity instruments or cash. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made, using an appropriate valuation model. The cost of cash-settled transactions are determined by the expected payment to the employees.

That cost is recognised in staff costs, together with a corresponding increase in equity (other capital reserves) for equity-settled programs or other payables for cash-settled programs, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

A liability is recognised for the fair value of cash-settled transactions, within other payables (non-current). The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

Finance income and expenses

Finance income and expenses comprise interest income and expenses, exchange gains and losses on transactions denominated in foreign currencies etc., as well as surcharges and allowances under the on-account tax scheme etc.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income tax

Tax for the year

Tax for the year comprises current tax on the expected taxable income for the year and the year's deferred tax adjustments. The tax expense relating to the profit for the year is recognised in the income statement, and the tax expense relating to transactions recognised in equity is recognised in other comprehensive income.

The Parent Company is jointly taxed with its Danish Group entities. Abacus Medicine Holding ApS is the administration company of the Danish Group entities towards the Danish Tax authorities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are, as a minimum, reimbursed by the administration company based on the current rates applicable to interest allowances, and jointly taxed entities having less tax paid, as a maximum, a surcharge based on the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Goodwill

Goodwill is initially recognised at the amount by which the purchase price for a business combination exceeds the recognised value of the identifiable assets and liabilities assumed. Goodwill comprises future growth expectations, buyer-specific synergies, the workforce in place and know-how. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as minimum yearly, and impairment losses charged in previous years cannot be reversed.

Other intangible assets

Licenses relate to marketing permits and product approvals. Licenses are measured at cost less accumulated amortisation and impairment losses. Cost comprises of the purchase price and salaries directly attributable until the date when the marketing permits and product approvals are available for use. The basis of amortisation is cost less any expected residual value at the end of the useful life. The licenses are set with no residual value. Amortisation is provided on a straight-line basis over the expected useful lives of the assets and any residual value. The basis of amortisation is based on the residual value of the asset and is reduced by impairment losses, if any. In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Software is measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

IP rights are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

On initial recognition, the costs of licenses and IP rights are recognised in the balance sheet are measured at cost and subsequently at cost less accumulated amortisation and impairment losses.

Amortisation periods are as follows:

Licenses	5 - 8 years
Software	10 years
IP rights	10 years

The assets have no scrap value.

Consolidated financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Other intangible assets (continued)

Gains and losses on the disposal of rights and licenses are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant and equipment

Property, plant and equipment consists of leasehold improvements and other fixtures and fittings. Leasehold improvements and other fixtures and fittings are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The cost for a total asset, is split in separate components, which are depreciated separately, if the useful life of each of the components differ.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. The expected useful lives are as follows:

Leasehold improvements	3 years
Other fixtures and fittings	2-5 years

The assets have no scrap value.

Depreciation is calculated on cost price less scrap value and impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. If the residual value exceeds the carrying amount, no further depreciation charges are recognised.

When the depreciation period or the residual value is changed, the effect on depreciation is recognised prospectively as a change in accounting estimates.

Gains and losses at sale of property, plant and equipment is calculated as the difference between the sales price less the sales expenses and the carrying amount at the date of sale. Gains or losses are recognised in the income statement as the item other operating income and other operating expenses, respectively.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement. All lease agreements entered into by the Group have been classified as operating leases. The operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Services in connection with operating leases are recognised in the income statements on a straight-line basis over the lease term.

Impairment of non-current assets

Goodwill is not amortised and is accordingly subject to minimum an annual impairment test. The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment, other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted for individual assets, or Groups of assets, when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or Group of assets.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The cost of goods for resale, as well as materials and consumables, comprises the cost of acquisition plus delivery costs and, for finished goods, indirect production overheads, including packaging material and expenses in the form of external storage charges, are added.

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

Receivables

Receivables are measured at amortised cost.

Provisions are made for bad debts where there is objective evidence that a receivable or a portfolio of receivables have been impaired. Where there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised at the individual receivable level.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Prepayments

Prepayments recognised under "Current assets" comprise expenses incurred concerning subsequent financial years.

Cash & cash equivalents and borrowings

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand. For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Equity

Foreign currency translation reserve

The exchange adjustment reserve in the consolidated financial statements comprises exchange differences arising on the translation of the financial statements of foreign enterprises from their functional currencies into EUR including. On realisation, accumulated value adjustments are taken from equity to financial items in the income statement.

Cash flow hedge reserve

The hedge transaction reserve contains the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future cash flows and for which the hedged transaction has yet to be realised.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date).

Taxation

Current income tax and deferred tax

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

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

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.

Provisions

Provisions comprise anticipated expenses for returned goods. Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation.

Liabilities

Financial liabilities are initially recognised at fair value less transaction costs. Subsequently, the financial liabilities are measured at amortised cost using the effective interest method, whereby transaction costs and any premium or discount are recognised as financial expenses over the term of the liabilities.

Other liabilities are measured at net realised value.

Fair value

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1 Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Fair value measurements are based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

Consolidated financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents and borrowings (bank overdraft) as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows are presented using the indirect method.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and financial assets.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividend to shareholders. Cash and cash equivalents comprise cash and bank overdrafts (borrowings).

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios
The financial ratios stated in the survey of financial highlights have been calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Revenue growth	$\frac{\text{Current year revenue - prior year revenue}}{\text{Prior year revenue}}$
EBITDA margin	$\frac{\text{Operating profit excl. amortisation and depreciation (EBITDA) x 100}}{\text{Revenue}}$
Return on invested capital (ROIC)	$\frac{\text{Operating profit x 100}}{\text{Average invested capital}}$
Solvency ratio	$\frac{\text{Closing equity x 100}}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit for the year after tax x 100}}{\text{Average equity}}$

Consolidated financial statements 1 January – 31 December

Notes

2 **Significant accounting judgements, estimates and assumptions**

Warrant programs

Estimating fair value for Warrant programs transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the share price of Abacus Medicine A/S at the grant date, the expected life of the warrant, volatility and dividend yield and making assumptions about them.

Abacus Medicine A/S has established a share plan in 2015, 2016 and 2017. The decision to grant warrants is made by the Board of Directors in accordance with the general guidelines. Warrants have been granted to members of the key management personnel and other employees in the company. For the 2015 and 2017 program, the employees only receive equity instruments. For the 2016 program the employees have the option to choose between equity instruments or cash. For the accounting principles, please refer to the section on "share based payments" in the accounting policies.

Sales return

The customers of the Group has the right to return the products. The provision for this is based on historical return patterns, and changes in actual return patterns will therefore impact gross profit at the time of the return.

Valuation of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives (licences, software and IP rights) are amortised over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as amortisation.

Intangible assets with indefinite useful lives (goodwill) are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The estimated values of intangible assets are based on management estimations and assumptions and is by nature subject to uncertainty.

Inventory write-downs

The valuation of the inventory per the balance sheet date involves judgements and estimates on the provision for write-downs. The provision is based on the ageing of the products, i.e. the expiration date, and evaluation of the commercial possibilities of selling the products.

Consolidated financial statements 1 January – 31 December

Notes

3 Segment information

The presentation of operating segments for the Group reflects the Group's management structure and is in line with the internal management reporting. Segment information is recognised and measured in accordance with IFRS.

The Management monitors the Group's operations as one segment on earnings, and on countries and products when monitoring revenue activities.

Geographical allocation of revenue and non-current operating assets

	2017		2016		2015	
EUR'000	Revenue	Non-current operating assets	Revenue	Non-current operating assets	Revenue	Non-current operating assets
Denmark	34,837	7,336	17,290	4,293	13,603	3,782
Sweden	39,893	-	40,078	-	28,748	-
Germany	149,893	-	102,939	-	61,914	-
The Netherlands	14,742	622	8,264	416	2,853	13
Other countries	13,691	3,751	9,279	663	4,766	640
	253,056	11,709	177,850	5,372	111,884	4,435

Non-current assets for this purpose consists of property, plant and equipment and intangible assets.

In 2015-17 the Group had one customer in the Danish and Swedish market with more than 10% of the Group revenue, and one customer in the German market with more than 10% of the Group revenue.

Revenue by product category

EUR'000	2017	2016	2015
Antineoplastic and immunomodulating agents	134,279	98,854	63,548
Nervous system	29,571	26,247	19,580
General antiinfectives for systemic use	24,611	21,841	10,112
Blood and blood forming organs	24,126	7,320	4,158
Genito urinary system and sex hormones	12,383	5,923	3,397
Cardiovascular system	6,673	4,662	2,712
Systematic hormonal prep, excluding sex hormones	6,306	3,633	2,630
Alimentary tract and metabolism	4,303	2,257	632
Respiratory system	3,398	2,388	1,552
Musculo-skeletal system	3,019	1,613	1,688
Sensory organs	1,496	622	121
Dermatologicals	1,073	603	50
Various	1,818	1,887	1,704
Total revenue	253,056	177,850	111,884

4 Revenue

Revenue only consists of sale of pharmaceutical goods.

Consolidated financial statements 1 January – 31 December

Notes

5 Staff costs

EUR'000	2017	2016	2015
Wages and salaries	10,032	7,630	4,647
Pensions, defined contribution plans	990	714	513
Other social security costs	128	81	49
Other staff costs	826	699	320
Share-based payment expense	1,180	656	393
Total employee benefit expenses	**13,156**	**9,780**	**5,922**
Of which are capitalised as intangible assets	-300	-190	-169
Total employee benefit expense in the income statement	**12,856**	**9,590**	**5,753**
Average number of full-time employee	349	206	136

The below amounts are included in the total staff costs.

EUR'000	2017 Board of Directors and Management	2017 Key Management Personnel
Wages and salaries	556	1,229
Pensions, defined contribution plans	29	88
Share-based payments	-	1,180
Social security costs	1	5
Total	**586**	**2,502**
Average number	4	7

EUR'000	2016 Board of Directors and Management	2016 Key Management Personnel
Wages and salaries	569	877
Pensions, defined contribution plans	25	44
Share-based payments	-	656
Social security costs	1	2
Total	**595**	**1,579**
Average number	5	3

EUR'000	2015 Board of Directors and Management	2015 Key Management Personnel
Wages and salaries	384	441
Pensions, defined contribution plans	25	40
Share-based payments	-	393
Social security costs	1	2
Total	**410**	**876**
Average number	5	3

Key Management Personnel is defined as the members of daily management, and includes CFO, CLO, VPs and Directors in the Abacus Medicine A/S Group. There are no employees in Abacus Medicine Holding ApS.

Consolidated financial statements 1 January – 31 December

Notes

5 Staff costs (continued)

Remuneration to the Key Management Personnel and other employees.

Warrant agreements with Key Management Personnel in the Group has been entered into, however, not the Board of Directors and executive board in the Group. For further details on remuneration to Key Management Personnel, refer to note 6 regarding share-based payments.

6 Share-based payments

The decision to grant warrants to subscribe for shares in Abacus Medicine A/S is made by the Board of Directors in Abacus Medicine A/S in accordance with general guidelines on incentive pay for Abacus Medicine. Warrants have been granted to members of the Key Management Personnel and other employees in Abacus Medicine.

Warrant agreements entered in May 2015 allow those eligible to subscribe for up to 132,130 new shares of DKK 1 each in the Company. The right to subscribe the shares are based on average EBITDA to exceed DKK 40 million in 2017, if lower they were exercisable in 2018 The subscription price is EUR 2.2 (DKK 16.12) per share, corresponding to a potential subscription price of EUR 286 thousand. There are no settlement options to exercise in cash, and accordingly the programme is accounted for as an equity-settled program.

Warrant agreements entered in November 2016 allow those eligible to subscribe for up to 54,100 new shares of DKK 1 each in the Company. The right to subscribe the shares are based on the earnings of the company over the vesting period. The subscription price is EUR 12.9 (DKK 96.46) per share, Under the terms of the agreement the participants have a choice to subscribe for cash or take a cash alternative. As of the grant date the estimated value of the cash alternative was more favorable than the equity alternative, accordingly the warrants have been accounted for as a cash-settled scheme in its entity. Settlement and/or subscription must take place in June 2019.

Warrant agreements entered into in December 2017 allow those eligible to subscribe for up to 24,790 new shares of DKK 1 each in the Company. The right to subscribe the shares are based on the earnings of the company over the vesting period. The subscription price is EUR 13.2 (DKK 98.39) per share, corresponding to a total potential subscription price of EUR 328 thousand. This warrant agreement only allows to be settle with shares which must take place in June 2019. Since the program was initiated late December 2017, no expenses are recognized in 2017. The warrant scheme has been accounted for as an equity-settled program.

	2017	2016	2015
Equity-settled expense	295	589	393
Cash-settled expense	885	67	-
Total share-based payment expense	**1,180**	**656**	**393**

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6 Share-based payments (continued)

Specification of outstanding share options

	Key Management Personnel	Other employees	Total number	Average exercise price per Option (EUR)
Outstanding at 1 January 2015	-	-	-	
Granted	132,130	-	132,130	2.2
Outstanding at 31 December 2015	132,130	-	132,130	
Granted	-	54,100	54,100	12.9
Outstanding at 31 December 2016	132,130	54,100	186,230	
Granted	-	24,790	24,790	13.2
Forfeited	-	-2,200	-2,200	
Exercised	-132,130	-	-132,130	2.2
Outstanding at 31 December 2017	**-**	**76,690**	**76,690**	
Exercisable 31 December 2017	-	-	-	

For options exercised in 2017 relating to the 2015 program, the average exercise price was EUR 2.2 per share at the exercise time. The fair value has been estimated to be EUR 12.8 per share at the date when the options were exercised.

Specification of outstanding warrants with cash settlement alternative

	Other employees (2016 program)	Total number	Average exercise price per Option (EUR)
Granted	54,100	54,100	12.9
Forfeited	-	-	
Exercised	-	-	
Expired	-	-	
Outstanding at 31 December 2016	54,100	54,100	
Granted	-	-	
Forfeited	-2,200	-2,200	
Exercised	-	-	
Expired	-	-	
Outstanding at 31 December 2017	**51,900**	**51,900**	
Exercisable at 31 December 2017	-	-	

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6 Share-based payments (continued)

The average remaining contractual life for the share options outstanding at 31 December 2017 was 2 years (2016: 1 years, 2015: 2 years). The exercise prices are between EUR 12.9 – 13.2 per share option (2016: 2.2 – 12.9, 2015: 2.2).

In 2017, the expense in regards to share-based payments recognised in the income statement amounts to EUR 1,180 thousands (2016: EUR 656 thousands; 2015: EUR 393 thousands)

The following table list the inputs to the models used for the three plans for the years ended 31 December 2017, 2016 and 2015, respectively:

	2017
	Equity Settled
Weighted average fair values at measurement date	1.7
Weighted average share price	12.6
Exercise price	13.2
Expected volatility (%)	25%
Expected life of share options	30 months years
Dividend yield (%)	0.0%
Risk-free interest rate (%)	0.0%
Valuation method	Black-Scholes

The expected volatility reflects 25%, which is based on a peer Group median.

EUR'000	2017	2016	2015
Liability for cash-settled scheme	952	67	-
Of which vested (intrinsic value)	-	-	-
	952	67	-

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7 Amortisation and depreciation

	2017	2016	2015
Amortisation, intangible assets	1,396	1,245	1,139
Depreciation, property, plant and equipment	461	265	116
Total	**1,857**	**1,510**	**1,255**

Amortisation on intangible assets of EUR 1,396 thousand (2016: EUR 1,245 thousand, 2015: EUR 1,139 thousand) is recognised in the income statement in the item depreciation and amortisations.

8 Fees paid to auditors appointed at the annual general meeting

Fees payable to the Group's auditor for the audit of the Group's financial statements and other non-audit services are specified as below.

EUR'000	2017	2016	2015
Audit	53	36	29
Other assurance engagements	1	-	-
Total audit related services	**54**	**36**	**29**
Tax consultancy	11	22	14
Other non-audit services	377	149	31
Total fee to EY	**442**	**207**	**74**

The costs are recognised in the consolidated income statement as Other external costs.

9 Investments in subsidiaries

Name	Registered office	Ownership 2017	Ownership 2016	Ownership 2015
Abacus Medicine A/S	Denmark	91.6%	96.2%	70.7%
Abacus Medicine Hungary KFT	Hungary	100%	100%	100%
Abacus Medicine B.V.	The Netherlands	100%	100%	100%
Abacus Medicine GmbH Krefeld	Germany	100%	100%	100%
Abacus Medicine GmbH Berlin	Germany	100%	100%	100%
Abacus Medicine Ltd	United Kingdom	100%	100%	100%
Abacus Medicine Austria GmbH	Austria	100%	100%	-
Abacus Medicine France S.A.S	France	100%	100%	-
Abacus Medicine OY	Finland	100%	-	-
PharmaSave BVBA	Belgium	100%	-	-
Originalis B.V.	The Netherlands	100%	100%	-
Aposave ApS	Denmark	100%	-	-
Aposave Ltd.	United Kingdom	100%	-	-
Aposave Asia Ltd.	Hong Kong	100%	-	-
Aposave USA Inc.	USA	100%	-	-

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10 Net finance costs

EUR'000	2017	2016	2015
Finance income			
Other finance income	202	180	138
Foreign exchange gains, net	-	18	-
Total finance income	**202**	**198**	**138**

Finance income related to balance sheet items recognised at amortised cost EUR 202 thousand (2016 EUR 180 thousand; 2015: EUR 138 thousand).

EUR'000	2017	2016	2015
Finance expenses			
Other finance costs	1,701	1,032	669
Foreign exchange loss, net	191	-	65
Total finance expenses	**1,892**	**1,032**	**734**

Finance expenses related to balance sheet items recognised at amortised cost EUR 1,701 thousand (2016 EUR 1,032 thousand; 2015: EUR 669 thousand).

11 Income tax

Income statement

EUR'000	2017	2016	2015
Current income tax			
Current income tax charge	1,297	1,262	585
Deferred tax			
Relating to origination and reversal of temporary difference	445	-96	140
Income tax expense reporting in the income statement	**1,742**	**1,166**	**725**

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11 Income tax (continued)

Statement of other comprehensive income

EUR'000	2017	2016	2015
Deferred tax related to items recognised in other comprehensive income during the year			
Net gain/loss on revaluation of cash flow hedges	-5	-	26
Income tax recognised in other comprehensive income	**-5**	**-**	**26**

Tax on profit for the year can be explained as follows:

EUR'000	2017	2016	2015
Accounting profit before income tax			
Calculated 22% (2016: 22%; 2015: 23.5%) tax on profit for the year	1,287	935	636
Tax effect of:			
Deviation in foreign subsidiaries' tax rates compared with the Danish rate	131	45	28
Other non-deductible expenses, etc.	324	186	61
Total	**1,742**	**1,166**	**725**
Effective tax (%)	29.7%	27.5%	26.8%

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11 Income tax (continued)

Deferred tax

EUR'000	2017	2016	2015
Deferred tax 1 January	-660	-769	-603
Deferred tax for the year recognised in profit for the year	-445	96	-140
Deferred tax for the year recognised in other comprehensive income	5	0	-26
Deferred tax for the year from acquisitions	-	13	-
Deferred tax 31 December	**-1,100**	**-660**	**-769**
Reflected in the statement of financial position as follows:			
Deferred tax assets	-	13	-
Deferred tax liabilities	-1,100	-673	-769
Deferred tax 31 December, net	**-1,100**	**-660**	**-769**

There are deferred tax assets relating to tax losses in the Group, which are insignificant.

	Consolidated statement of financial position		
EUR'000	2017	2016	2015
Deferred tax relates to:			
Intangible assets	-1,194	-888	-790
Property, plant and equipment	13	21	17
Trade and other receivables	2	12	22
Inventory	-	147	-
Other current assets	-40	-13	-18
Provisions	119	61	-
Total	**-1,100**	**-660**	**-769**

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11 Income tax (continued)

Income tax payable

EUR'000	2017	2016	2015
Income tax payable 1 January	1,738	669	175
Current tax for the year	1,297	1,262	585
Exchange rate adjustments, interests etc.	10	-	-52
Corporation tax paid during the year	-1,957	-193	-39
Income tax payable 31 December	**1,088**	**1,738**	**669**

12 Intangible assets

EUR'000	Licenses and software	IP Rights	Goodwill	Total
Cost 1 January 2017	11,355	-	-	11,355
Currency translation	-5	-	-	-5
Additions	2,841	1,097	-	3,938
Additions from acquisition	-	-	2,905	2,905
Disposals	-4	-	-	-4
Cost 31 December 2017	14,187	1,097	2,905	18,189
Amortisation and impairment 1 January 2017	6,576	-	-	6,576
Currency translation	-1	-	-	-1
Amortisation	1,396	-	-	1,396
Depreciation and impairment 31 December 2017	7,971	-	-	7,971
Carrying amount 31 December 2017	**6,216**	**1,097**	**2,905**	**10,218**
Cost 1 January 2016	9,873	-	-	9,873
Currency translation	31	-	-	31
Additions	1,530	-	-	1,530
Additions from acquisition	409			409
Disposals	-488	-	-	-488
Cost 31 December 2016	11,355	-	-	11,355
Amortisation and impairment 1 January 2016	5,797	-	-	5,797
Currency translation	19	-	-	19
Amortisation	1,245	-	-	1,245
Disposals	-485	-	-	-485
Amortisation and impairment 31 December 2016	6,576	-	-	6,576
Carrying amount 31 December 2016	**4,779**	**-**	**-**	**4,779**

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12 Intangible assets (continued)

EUR'000	Licenses and software	IP Rights	Goodwill	Total
Cost 1 January 2015	8,262	-	-	8,262
Re-classification	585	-	-	585
Currency translation	-13	-	-	-13
Additions	1,039	-	-	1,039
Cost 31 December 2015	9,873	-	-	9,873
Amortisation and impairment 1 January 2015	4,091	-	-	4,091
Re-classification	585			585
Currency translation	-18	-	-	-18
Amortisation	1,139	-	-	1,139
Depreciation and impairment 31 December 2015	5,797	-	-	5,797
Carrying amount 31 December 2015	**4,076**	**-**	**-**	**4,076**

Licenses and software are amortised over 5-10 years, and IP Rights are amortised over 10 years. There have been no indications of impairment of the intangible assets. There have not been any write-down of licenses and software in 2015-2017 as the main part of licenses and software are in use. IP rights relate to the DayDose brand.

Goodwill was recognised as a part of the acquisition of the Aposave entities on 21 December 2017, please see note 25 on business combinations. Since goodwill in not amortised, the carrying amount will as minimum annually be tested for impairment. The recoverable amount for 2017 has been determined as fair value, which is equal to the purchase price, as it has been assessed that there has not been significant changes to this, since the acquisition date.

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13 Property, plant and equipment

EUR'000	Leasehold improvements	Other fixtures and Fittings, plant and equipment	Total
Cost 1 January 2017	338	1,125	1,463
Currency translation	1	-1	-
Additions	119	1,231	1,350
Additions from acquisitions	-	14	14
Disposals	-8	-	-8
Cost 31 December 2017	450	2,369	2,819
Depreciation and impairment 1 January 2017	239	631	870
Depreciation	78	383	461
Disposals	-3	-	-3
Depreciation and impairment 31 December 2017	314	1,014	1,328
Carrying amount 31 December 2017	**136**	**1,355**	**1,491**
Cost 1 January 2016	273	692	965
Currency translation	-	1	1
Additions	65	444	509
Disposals	-	-12	-12
Cost 31 December 2016	338	1,125	1,463
Depreciation and impairment 1 January 2016	173	433	606
Depreciation	66	199	265
Disposals	-	-1	-1
Depreciation and impairment 31 December 2016	239	631	870
Carrying amount 31 December 2016	**99**	**494**	**593**

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13 Property, plant and equipment (continued)

EUR'000	Leasehold improvements	Other fixtures and Fittings, plant and equipment	Total
Cost 1 January 2015	227	466	693
Currency translation	5	1	6
Additions	41	225	266
Cost 31 December 2015	273	692	965
Depreciation and impairment 1 January 2015	128	357	485
Currency translation	4	1	5
Depreciation	41	75	116
Depreciation and impairment 31 December 2015	173	433	606
Carrying amount 31 December 2015	**100**	**259**	**359**

There have been no indications of impairment of the tangible assets.

14 Inventories

EUR'000	2017	2016	2015
Raw materials and consumables	23,438	13,564	4,788
Repacked goods and goods for resale	9,926	6,177	3,948
Total inventories at the lower of cost and net realisable value	33,364	19,741	8,736

During 2017, EUR 629 thousand (2016: EUR 1,206 thousand, 2015: EUR 179 thousand) was recognised as an expense for inventories carried at net realisable value due to expired goods. This is recognised in cost of sales.

EUR'000	2017	2016	2015
Inventory write-downs at 1 January	1,206	179	593
Utilised and reversed during the year	-1,206	-179	-593
Additional write-downs during the year	629	1,206	179
Inventory write-downs at 31 December	629	1,206	179

15 Trade and other receivables

EUR'000	2017	2016	2015
Receivables from sales and services	5,962	6,142	8,571
Factoring	-	22,841	21,140
Deposits AL-Finans regarding factoring agreement	2,819	-	-
Other receivables	1,387	2,320	2,030
Prepayments	394	199	90
	10,562	31,502	31,831

The Groups customers are mainly distributors and pharmacies. The Management monitors payment patterns of the customers and estimates the need for write-downs. Credit ratings, insurance of customers and market-specific development are taken into account in order to assess the need for further write-down. Historically, the Group has not suffered any significant losses in 2015, 2016 or 2017, and the provision for bad debt is considered to be immaterial. There are no significant receivables which are overdue.

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15 Trade and other receivables (continued)

Transfer of trade receivables

During 2017 the Group has entered into a programme for the sale of trade receivables full non-recourse terms to optimize working capital. The sold trade receivables are derecognised. At year end 2017 EUR 5,183 thousand has been derecognised with a due date after 31 December 2017. Prior to 2017 the Group had another agreement which did not transfer the risk and therefore did not allow to derecognise the trade receivable.

EUR'000	2017	2016	2015
Carrying amount of trade receivables transferred to a bank	5,962	28,983	29,711
Carrying amount of associated amounts received from bank	-	-22,841	-21,140
Total	**5,962**	**6,142**	**8,571**

16 Equity

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 30% and 40% (end 2017: 11%, end 2016: 5%; end 2015: 18%). The Group includes within net debt, interest bearing borrowings, trade and other payables, less cash.

To achieve the overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches of the financial covenants of any interest-bearing borrowings in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017, 2016 and 2015.

Equity

Issued shares

	Number				Nominal value (DKK)			
	2017	2016	2015	1 Jan 2015	2017	2016	2015	1 Jan 2015
1 January	126	126	126	126	126,000	126,000	126,000	126,000
Additions	-	-	-	-	-	-	-	-
31 December – fully paid	126	126	126	126	126,000	126,000	126,000	126,000

The share capital as of 31 December 2017 consist of 126 shares with a nominal value of 1,000 DKK (EUR 134) each. None of the shares are assigned with special rights.

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17 Dividend

Dividend are specified as below:

EUR'000	2017	2016	2015
Declared and paid during the year	1,000	-	-
Total	**1,000**	**-**	**-**

In general dividends are proposed for approval at the annual general meeting or approved and paid out during the year and therefore not recognised as a liability in the balance sheet.

Dividends on ordinary shares per share:			
Final dividend for the year:	7,99	-	-

18 Borrowings

EUR'000	2017	2016	2015
Non-current liabilities	3,132	4,141	-
Current liabilities			
Overdraft credit facility and loans	24,048	10,317	6,633
Bank loans	766	3,067	-
Factoring	-	22,841	21,140
Carrying amount	27,946	40,366	27,773
Nominal amount	27,946	40,366	27,773

The Group (Abacus Medicine A/S) has an overdraft credit facility with Danske Bank, with a maximum credit limit of EUR 25.5 million (DKK 190 million), which has been increased by EUR 7.4 million to EUR 32.9 million (DKK 245 million) in March 2018. The overdraft facility has an actual annual interest of 2.3%. The interest rate is floating. The bank overdraft facility is to be renegotiated on a yearly basis.

Net financing cash flow

EUR'000	1 January 2017	Financing cash flow	Currency	31 December 2017
Factoring	22,841	-22,841	-	-
Borrowings	7,208	-3,310	-	3,898
Borrowings from financing activities	30,049	26,151	-	-

Net financing cash flow from factoring consist of proceeds from factoring of EUR 133,288 thousand and repayment of factoring debt of EUR 156,129 thousand.

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19 Trade and other payables

EUR'000	2017	2016	2015
Trade payables	11,016	6,212	3,116
Total	**11,016**	**6,212**	**3,116**

20 Provisions

	Return provisions
At 1 January 2017	274
Arising during the year	543
Utilised and reversed	-274
At 31 December 2017	543
Current	543
Non-current	-

Provisions comprise provisions for sold products expected to be returned in the coming year.

21 Change in working capital

EUR'000	2017	2016	2015
Change in inventory	-12,902	-11,472	-4,641
Change in receivables	24,139	1,370	-16,444
Change in trade payables etc.	3,221	1,710	2,479
Total	**14,458**	**-8,392**	**-18,606**

22 Cash and cash equivalents and borrowings

EUR'000	2017	2016	2015
Cash and cash equivalents	1,044	1,426	363
Bank overdraft	-24,048	-10,317	-6,633
Total	**-23,004**	**-8,891**	**-6,270**

23 Contractual obligations and contingencies etc.

Contingent liabilities

Abacus Medicine Holding ApS is jointly taxed with the Danish entities within the Group. Abacus Medicine Holding ApS is the administrative company. The Company is, together with the other companies in the Group, liable for corporate taxes and withholding taxes on dividends, interests and royalties.

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24 Mortgage and collateral

Abacus Medicine Holding ApS has pledged the shares in Abacus Medicine A/S as security for the bank loan of Abacus Medicine A/S. The bank loan totals EUR 24 million as per 31 December 2017.

Abacus Medicine Holding ApS has issued a declaration of withdrawal to the bank of Abacus Medicine A/S regarding current and future receivables. Bank loans in Abacus Medicine A/S are secured by mortgage in the company totaling EUR 4 million. Abacus Medicine Holding ApS guarantees for Abacus Medicine A/S for the factoring agreement.

Abacus Medicine Holding ApS are subject to Danish joint taxation with Abacus Medicine A/S. Abacus Medicine Holding ApS are liable in the joint taxation for Danish company taxes, taxes on dividends, interests and royalties. The liability totals EUR 1,3 million as per 31 December 2017 (2016: EUR 1,7 million; 2015: EUR 0.7 million).

Bank debt of EUR 24 million at 31 December 2017 within the Group has been secured by way of a pledge on all of the Group's existing as well as future receivables, totaling EUR 6.7 million (2016: EUR 4.0 million; 2015: EUR 4.0 million), in intangible assets, property, plant and equipment and inventories.

In addition, the shares in the subsidiary Abacus Medicine Hungary KFT, totaling EUR 1.0 million (2016: EUR 0.6 million; 2015: 0.6 million), have been provided as collateral. The receivable from Abacus Medicine Hungary KFT, totaling EUR 0.2 million (2016: EUR 0.1 million; 2015: EUR 0), have been provided assigned.

Any excess amounts from the factoring engagement have been put up as a secondary charge.

The Group has provided a supplier's guarantee of EUR 0.2 million (2016: EUR 0.2 million; 2015: EUR 0.2 million).

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25 Business combinations

Acquisitions in 2017

Acquisition of Aposave UK, Hong Kong and US entities

On 21 December 2017, Abacus Medicine A/S established the company Aposave ApS, and acquired 100% of the voting shares of Aposave Ltd. (UK), Aposave Asia Ltd. (Hong Kong) and Aposave USA Inc. (USA). The Aposave entities sell unlicensed speciality medicine and orphan drugs globally, with a focus in regions where these medicines are either not licensed or in short supply. The vision is to become the household name for doctors and hospitals within the next five years. The synergies from the purchase is expected to come from the Abacus Medicine A/S sourcing network, as it is expected that Aposave can benefit from this. This is the main factor of the recognised goodwill. Goodwill is not tax deductible.

As consideration of the purchase, Abacus Medicine A/S paid EUR 0.8 million through a debt note to the sellers of the entities. There is no non-controlling interest in the acquired subsidiary.

The provisional assessment of the fair values of the identifiable assets and liabilities of the Aposave entities as at the date of acquisition were:

EUR'000	Aposave UK	Aposave Asia & US*	Total
Tangible assets	-	14	14
Inventories	50	-	50
Other receivables, non-current	15	-	15
Trade receivables	198	-	198
Other receivables, current	173	5	178
Cash and cash equivalents	310	13	323
Trade payables	-2,767	-158	-2,925
Other payables	-3	-	-3
Net assets acquired	**-2,024**	**-126**	**-2,150**
Goodwill	2,766	139	2,905
Consideration	**742**	**13**	**755**
Cash payment (debt note)	-742	-13	-755
Net cash acquired with the subsidiary	-310	-13	-323
Cash consideration	**-310**	**-13**	**-323**

*Purchase price allocation has been combined for the two entities

From the date of acquisition, the Aposave entities contributed EUR 0 of revenue and EUR 0 to profit before tax from operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been EUR 0.1 million and profit before tax from operations for the Group would have been EUR -0.2 million. There have been no significant transaction costs in connection with the acquisition.

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25 Business combinations

Acquisitions in 2016

Acquisition of Originalis B.V.

On 31 December 2016, Abacus Medicine A/S acquired 100% of the voting shares of Originalis B.V. Originalis supplies parallel-distributed products across Europe, and mainly purchases the products from Abacus Medicine A/S and sells them mainly on the Dutch and UK markets. Together with Abacus Medicine A/S, Originalis will apply for and have ownership of the marketing authorisations which are needed for Originalis to be authorized to repack, market and sell the products. The Group expects synergies from the purchase from the joint network on the Dutch and UK markets.

As consideration of the purchase, Abacus Medicine A/S paid EUR 38 thousand to the former owners, please see the details in the table below. There is no non-controlling interest in the acquired subsidiary.

The fair values of the identifiable assets and liabilities of the Originalis entities as at the date of acquisition were:

EUR'000	Total
Intangible assets	409
Inventories	204
Trade receivables	684
Other receivables, current	357
Deferred tax asset	13
Cash and cash equivalents	736
Trade payables	-2,342
Other liabilities	-23
Net assets acquired	**38**
Goodwill	-
Consideration	
Cash payment	38
Net cash acquired with the subsidiary	-736
Cash consideration	**-698**

From the date of acquisition, Originalis contributed EUR 0 of revenue and EUR 0 to profit before tax from operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been EUR 12.2 million and profit before tax from operations for the Group would have been EUR 0.1 million. There have been no significant transaction costs in connection with the acquisition.

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26 Financial risk and financial instruments

Risk management policy

The Group's principal financial liabilities, other than derivatives, comprise of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors reviews and approves policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Financial instruments affected by market risk include borrowings, deposits and derivative financial instruments. The Group is not considered to be directly affected by an equity price risk or a commodity risk (price volatility of certain commodities, i.e. oil prices, metal prices etc.).

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group sells products and purchases products in currencies other than EUR and is therefore exposed to a currency risk. The currency policy must ensure that the risk is hedged, either by buying and selling in the same currencies or by making use of financial hedging. At the same time, the currency policy must in an operational manner describe how the risk is assessed when a possible hedging is entered and who is responsible for entering into currency hedging agreements with the Group's bank.

Sales/receivables: The Group enters into sales agreements with customers, which will result in invoicing in DKK, EUR, SEK, NOK and GBP. It is considered not to be relevant to hedge sales in DKK, as DKK and EUR are close to each other and, in practice, a sale in EUR corresponds to a sale in DKK. The Group's sales in SEK and GBP are considered a risk, as the currencies historically have been unstable compared to EUR/DKK.

Purchase/payables: On the purchase side EUR is the main currency, but product and freight are also purchased in CZK, HUF, PLN, SEK, NOK and GBP, where SEK and GBP to some extent provides a natural hedge against the currency risk on the sales side. All the purchase currencies used have historically been volatile. In the medium and long term, a change in the value of these currencies will lead to an adjustment of the purchase prices in the local currencies, and thereby eliminating the currency risk. In the short term, i.e. from the date of invoice to the payment, the price is fixed in currency and an increase (strengthening) of these currencies will result in a loss. However, the time from delivery from and payment to the suppliers, is normally short, and therefore the currency risk exposure is limited. Accordingly the Group does not enter forward transactions.

Group Finance enter the hedges with the bank on the basis of confirmed customer orders or in some cases on the budgeted sales. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

Below is an illustration of the impact in EUR thousand on profit before tax from a change in the Group's primary foreign currencies.

		Profit before tax		
EUR'000	Change in exchange rate	2017	2016	2015
SEK	+5%	+2,154	+2,236	+1,563
GBP	+5%	-701	-259	-50

The analysis is based on sales and purchases in the given period, and keeps all other assumptions unchanged. A change in the exchange rate of the currencies will also impact the business in terms of the possibilities of purchase- and selling volumes.

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Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's overdraft facility with Danske Bank with a credit limit of EUR 32.8 million (DKK 245 million) and the factoring agreement with AL Finans with a limit of EUR 56.9 million (DKK 425 million). The Group has not hedged interest rate risks.

A change in the interest rate by 1 percentage point in comparison to the interest rate at the balance sheet date would all other things equal affect the Group's profit or loss by EUR 0.5 million (2016: EUR 0.5 million; 2015: EUR 0.2 million) and equity after tax by EUR 0.5 million (2016: EUR 0.5 million; 2015: EUR 0.2 million).

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26 Financial risk and financial instruments (continued)

Liquidity risk

Parallel import is a very liquidity-intensive industry, as most of the raw material purchases are to be paid in advance or with very short payment terms, while the customer side is characterized by normal and often long payment terms, which can be up to 2 months. This creates a liquidity requirement in the period between payment to suppliers and receipt of customer payments.

The Group therefore aims to have sufficient credit facilities that can accommodate the fluctuations that occur in day-to-day operations, and that within these facilities the company has sufficient reserves for account unforeseen liquidity needs.

This objective is met through building and maintaining sound and trustworthy relationships with bank and factoring relationships which have resulted in the existence of sufficiently large credit lines for factoring and overdraft facilities. The Group has an overdraft credit facility at Danske Bank with a credit limit of EUR 32.8 million (DKK 245 million) and a factoring agreement with AL Finans with a limit of EUR 56.9 million (DKK 425 million). Factoring is chosen because it allows for financing of all sales invoices, where 100% of invoice amounts are paid to the Group no later than the day after the invoice has been issued.

Maturity analysis

2017 (EUR'000)	Contractual cash flows	< 1 year	1 - 3 years	3 to 5 years	>5 years
Non-derivative financial instruments					
Credit institutions and banks (overdraft facility)	24,048	24,048	-	-	-
Trade payables	11,016	11,016	-	-	-
Bank loans	3,898	766	3,132	-	-
Derivative financial instruments					
Exchange rate hedging	35	35	-	-	-
31 December 2017	**38,997**	**35,865**	**3,132**	**-**	**-**
2016 (EUR'000)					
Non-derivative financial instruments					
Credit institutions and banks (overdraft facility)	33,158	33,158	-	-	-
Trade payables	6,212	6,212	-	-	-
Bank loans	7,208	3,067	4,141	-	-
Derivative financial instruments					
Exchange rate hedging	60	60	-	-	-
31 December 2016	**46,638**	**42,497**	**4,141**	**-**	**-**
2015 (EUR'000)					
Non-derivative financial instruments					
Credit institutions and banks (overdraft facility)	27,773	27,773	-	-	-
Trade payables	3,116	3,116	-	-	-
Derivative financial instruments					
Exchange rate hedging	61	61	-	-	-
31 December 2015	**30,950**	**30,950**	**-**	**-**	**-**

The disclosed financial derivative instruments in the above table are the net undiscounted cash flows. However, those amounts may be settled gross or net.

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26 Financial risk and financial instruments (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

The customers in the medical industry are in general considered to be very creditworthy, and the Group has historically not had any material write downs or losses on receivables. Accordingly, no allowance for bad debt has been made in the carrying amount of trade receivables in the balance sheet (2016: EUR 0; 2015 EUR 0). During 2015-2017 there has been no significant losses on trade receivables.

Categories of financial instruments

	Carrying amount			Fair value		
EUR'000	2017	2016	2015	2017	2016	2015
Financial assets measured at amortised cost						
Trade receivables	10,562	31,502	31,831	10,562	31,502	31,831
Cash and cash equivalents	1,044	1,426	363	1,044	1,426	363
Total	**11,606**	**32,928**	**32,194**	**11,606**	**32,928**	**32,194**
Financial liabilities at fair value – hedging instruments						
Derivative financial instruments	35	60	61	35	60	61
Total	**35**	**60**	**61**	**35**	**60**	**61**
Financial liabilities measured at amortised cost						
Borrowings	27,946	40,366	27,773	27,946	40,366	27,773
Trade payables	11,016	6,212	3,109	11,016	6,212	3,109
Total	**38,962**	**46,578**	**30,882**	**38,962**	**46,578**	**30,882**

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26 Financial risk and financial instruments (continued)

Fair value hierarchy of financial instruments measured at fair value

2017

EUR'000	Observable input (Level 2)	Total
Derivative financial instruments	35	35
Financial liabilities	**35**	**35**

2016

EUR'000	Observable input (Level 2)	Total
Derivative financial instruments	60	60
Financial liabilities	**60**	**60**

2015

EUR'000	Observable input (Level 2)	Total
Derivative financial instruments	61	61
Financial liabilities	**61**	**61**

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26 Financial risk and financial instruments (continued)

1 January 2015

EUR'000	Observable input (Level 2)	Total
Derivative financial instruments	47	47
Financial liabilities	**47**	**47**

Methods and assumptions for calculating fair value

The applied methods and assumptions for calculating the fair values of financial instruments is described for each class of financial instruments.

The Group uses hedging instruments to hedge non-recognised transactions. The Group's purchases are mainly in EUR. The Group's sales are effected in currencies other than EUR and DKK, which are partially hedged. At 31 December 2017, the Group had entered into forward contracts in SEK. SEK 27.4 million (EUR 2.7 million) has been hedged until mid-February 2018. At 31 December 2016 the Group entered into forward contracts in SEK and GBP. SEK 35.4 million (EUR 3.5 million) and GBP 1.6 million (EUR 1.9 million). At 31 December 2015 the Group entered into forward contracts in SEK of SEK 47.4 million (EUR 6.4 million)

The fair value of the forward contracts at 31 December 2017 totaled EUR 35 thousand (2016: EUR 60 thousand; 2015: 61 thousand), which has been recognised under "Other payables" and equity under the FX hedge reserve. The fair value assessment is based on the marked exchange rates (Level 2 input).

Cash flow hedging

Foreign currency risk

Derivatives designated as hedging instruments reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales and purchases in other currencies than EUR, mainly SEK and GBP. The table below shows the timing of the nominal values of the Group's hedging items:

	Nominal value EUR'000	Expiry below 1 year EUR'000	Expiry 1-5 years EUR'000	Expiry above 5 years EUR'000
Financial instruments				
2017	2,700	2,700	-	-
2016	5,400	5,400	-	-
2015	6,362	6,362	-	-

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27 Leases

Operating leases

The Group leases premises and printers under operating leases. The leasing period is typically between 0 and 5 years with the possibility of extending the contracts.

Non-cancellable operating leases are as follows:

EUR'000	2017	2016	2015
0-1 years	538	686	556
1-5 years	684	1,339	235
> 5 years	-	-	-
Total	**1,222**	**2,025**	**791**

For the year 2017, EUR 686 thousand (2016: EUR 556 thousand, 2015: EUR 482 thousand) has been recognised in the income statement in regards to operating leases as other external costs.

Consolidated financial statements 1 January - 31 December

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28 Related party disclosures

Controlling influence

There are no entities that have a significant shareholding in the Parent Company. The Group carried through the following related party transactions in past three years:

EUR'000	2017	2016	2015	1 January 2015
Sale of goods to other related parties	568	11,593	30	-
Purchase from other related parties	547	313	-	-
Interest income from other related parties	127	120	-	-
Acquisition of IP rights from other related parties	1,097	-	-	-
Acquisition of shares in subsidiaries from other related parties	735	38	1,741	-
Receivables from other related parties	-	2,298	-	701
Payables to other related parties	962	-	-	-
Dividends to shareholders	1,000	-	-	-
Other payables (debt to shareholder)	147	147	147	147

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: EUR 0; 2015: EUR 0; 1 January 2015: EUR 0). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Executives

The Group's related parties with significant influence includes the Company's Executive Management in the Parent Company, including these employees' family members, and entities in which these executives have a significant influence and the shareholders of Abacus Medicine Holding ApS.

The remuneration to executives is disclosed in note 5.

29 Events after the reporting period

No events have occurred after the balance sheet date which could have a material effect on the Group's financial position at 31 December 2017.

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30 Standards issued but not yet effective

The following new accounting standards and interpretations are not yet effective, but will be commencing on or after 1 January 2018.

IFRS 15 – Revenue from Contracts with Customers

Application Date:

1 January 2018

Summary of Impact on Financial Statements:

This standard modifies the determination of when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The principles in IFRS 15 must be applied using a five-step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

The standard contractual arrangements across the Group's principal revenue streams have been analysed, particularly key terms and conditions which may impact revenue recognition. The Group sells medicines in Europe through what is generally known as parallel distribution or parallel import to wholesalers, pharmacies and hospitals. The Group has performed an assessment of IFRS 15. The analysis was performed based on reviews of current types of contracts and product mix in order to determine the impact of the new standard. The analysis shows that implementation of IFRS 15 will not have any material impact on the recognition and measurement of revenue.

The Group will apply the modified retrospective transition approach. Application of this approach does not result in the restatement of comparative information where applicable.

IFRS 9 – Financial Instruments

Application Date:

1 January 2018

Summary of Impact on Financial Statements:

This standard modifies the classification and measurement of financial assets. It includes:

- a single, principles-based approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held;
- a new expected credit loss impairment model requiring expected losses to be recognised when financial assets are first recognised; and
- a modification of hedge accounting to align the accounting treatment with risk management practices of an entity. This may result in the increased application of hedge accounting.

The Group is considering available options for transition.

The current portfolio consists trade receivables held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. As such, it is concluded that these meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification of these are not required.

Consolidated financial statements 1 January – 31 December

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30 Standards issued but not yet effective (continued)

IFRS 9 requires the Group to record expected credit losses on trade receivables, either on a 12-month or lifetime basis. the Group will apply the simplified approach and record lifetime expected losses on all trade receivables. Based on the historical low realised loss on trade receivables close to zero, the new approach will not have a significant impact on the consolidated financial statements.

The Group has determined that all existing hedge relationships that are currently designated as effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. While IFRS 9 changes the accounting treatment for cost of hedging, hedge of risk components etc., the Group does not currently have any hedging relationships which will be impacted by the changes to the hedge accounting requirements. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on the consolidated financial statements.

IFRS 16 – Leases

Application Date:

1 January 2019

Summary of Impact on Financial Statements:

This standard requires lessees to account for leases under an on-balance sheet model, with the distinction between operating and finance leases being removed. The standard provides certain exemptions from recognising leases on the balance sheet, including where the underlying asset is of low value or the lease term is 12 months or less.

Under the new standard, the Group will be required to:

- recognise right of use lease assets and lease liabilities on the balance sheet. Liabilities are measured based on the present value of future lease payments over the lease term. The right of use lease asset generally reflects the lease liability;
- recognise depreciation of right of use lease assets and interest on lease liabilities over the lease term; and
- separately present the principal amount of cash paid and interest in the cash flow statement as a financing activity.

The Group has commenced work to understand the impact of the new standard and is considering available options for transition. The Group lease agreements mainly relate to lease of the headquarter premises in Copenhagen (Denmark) and the production site in Budapest (Hungary).

If IFRS 16 were implemented in 2017, EBITDA would increase with approx. EUR 0.5 million and depreciation and interest world increase similar with approx. EUR 0.5 million. Net impact close to zero. The assets and liabilities would increase with approx. EUR 0.9 million.

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31 Impact of transition to IFRS

These consolidated financial statements for the year ended 31 December 2017 with comparative figures for 2016 and 2015, are the first set of consolidated financial statements prepared in accordance with IFRS adopted by the EU and additional requirements according to the Danish Financial Statements Atc. For periods up to and including the year ended 31 December 2016, Abacus Medicine Holding ApS did not prepare consolidated financial statements but only financial statements for the Parent Company, which was prepared in accordance with the Danish Financial Statements Act. Cash flow statement has previously not been prepared on consolidated level, but if it had been prepared in accordance with Local GAAP the impact compared to IFRS would be affected by different accounting treatment of the factoring agreement in 2015 and 2016, which will be a presentation between operating and financing cash flow.

Exemptions

IFRS 1 allows first-time adopters certain exemptions and exceptions from the retrospective application of certain requirements under IFRS. For the purpose of preparing these financial statements, the Group have applied the following exceptions:

Under Local GAAP, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations with EUR as functional currency are deemed to be zero as at 1 January 2015 and the resulting adjustment was recognised against retained earnings.

Consolidated financial statements 1 January – 31 December

Notes

31 Impact of transition to IFRS (continued)

Balance Sheet 1 January 2015

Note	EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 1 January 2015
	ASSETS			
	Non-current assets			
	Intangible assets	4,176	-	4,176
	Property, plant and equipment	208	-	208
	Other receivables	106	-	106
	Total non-current assets	4,485	-	4,485
	Current assets			
	Inventory	4,095	-	4,095
C	Trade and other receivables	3,095	12,292	15,387
	Cash and cash equivalents	994	-	994
	Total current assets	8,184	12,292	20,476
	TOTAL ASSETS	12,669	12,292	24,961
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	17	-	17
B	Other reserves	18	18	36
B	Retained earnings	2,688	-18	2,670
	Equity attributable to equity holders of the parent	2,723		2,723
	Non-controlling interests	377	-	377
	Total Equity	3,100	-	3,100
	Non-current liabilities			
	Deferred tax liabilities	597	-	603
	Subordinated loan capital	2,687	-	2,687
	Other payables	148	-	148
	Total non-current liabilities	3,432	-	3,438
	Current liabilities			
C	Borrowings	719	12,292	13,011
	Trade payables	2,378	-	2,378
	Income tax payable	175	-	175
	Other payables	2,865	-	2,859
	Total current liabilities	6,137	12,292	18,423
	Total liabilities	9,569	12,292	21,861
	TOTAL EQUITY AND LIABILITIES	12,669	12,292	24,961

Consolidated financial statements 1 January – 31 December

Notes

31 Impact of transition to IFRS (continued)

Balance Sheet 31 December 2015

Note	EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 31 December 2015
	ASSETS			
	Non-current assets			
	Intangible assets	4,076	-	4,076
	Property, plant and equipment	359	-	359
	Other receivables	101	-	101
	Total non-current assets	4,536	-	4,536
	Current assets			
	Inventory	8,736	-	8,736
C	Trade and other receivables	10,691	21,140	31,831
	Cash and cash equivalents	363	-	363
	Total current assets	19,790	21,140	40,930
	TOTAL ASSETS	24,326	21,140	45,466
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	17	-	17
B	Other reserves	-63	8	-55
B	Retained earnings	5,764	-8	5,756
	Equity attributable to equity holders of the parent	5,718		5,718
	Non-controlling interests	2,429	-	2,429
	Total Equity	8,147	-	8,147
	Non-current liabilities			
	Deferred tax liabilities	769	-	769
	Other payables	147	-	147
	Total non-current liabilities	916	-	916
	Current liabilities			
	Provisions	134	-	134
C	Borrowings	6,633	21,140	27,773
	Trade payables	3,116	-	3,116
	Income tax payable	669	-	669
	Other payables	4,711	-	4,711
	Total current liabilities	15,263	21,140	36,403
	Total liabilities	16,179	21,140	37,319
	TOTAL EQUITY AND LIABILITIES	24,326	21,140	45,466

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31 Impact of transition to IFRS (continued)

Balance Sheet 31 December 2016

Note	EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 31 December 2016
	ASSETS			
	Non-current assets			
	Intangible assets	4,779	-	4,779
	Property, plant and equipment	593	-	593
	Other receivables	113	-	113
	Deferred tax asset	13	-	13
	Total non-current assets	5,498	-	5,498
	Current assets			
	Inventory	19,741	-	19,741
C	Trade and other receivables	8,661	22,841	31,502
	Cash and cash equivalents	1,426	-	1,426
	Total current assets	29,828	22,841	52,669
	TOTAL ASSETS	35,326	22,841	58,167
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	17	-	17
	Other reserves	-32	9	-23
B	Retained earnings	2,656	-9	2,647
	Equity attributable to equity holders of the parent	2,641		2,641
	Non-controlling interests	360	-	360
	Total Equity	3,001	-	3,001
	Non-current liabilities			
	Deferred tax liabilities	673	-	673
	Borrowings	4,141	-	4,141
	Other payables	147	-	147
	Total non-current liabilities	4,961	-	4,961
	Current liabilities			
	Provisions	274	-	274
C	Borrowings	13,384	22,841	36,225
	Trade payables	6,212	-	6,212
	Income tax payable	1,738	-	1,738
	Other payables	5,756	-	5,756
	Total current liabilities	27,364	22,841	50,205
	Total liabilities	32,325	22,841	55,166
	TOTAL EQUITY AND LIABILITIES	35,326	22,841	58,167

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Notes

31 Impact of transition to IFRS (continued)

Income statement 2015

Note	EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 1 January – 31 December 2015
	Revenue	111,884	-	111,884
	Cost of sales	-98,894	-	-98,894
	Product profit	**12,990**	-	**12,990**
	Other external costs	-2,645	-	-2,645
	Gross profit	**10,312**	-	**10,312**
A	Staff costs	-5,360	-393	-5,753
	Operating profit before depreciations and amortisation (EBITDA)	**4,952**	**-393**	**4,559**
	Depreciation and amortisation	-1,255	-	-1,255
	Operating profit	**3,697**	**-393**	**3,304**
	Finance income	138	-	138
	Finance expenses	-734	-	-734
	Profit before tax	**3,101**	**-393**	**2,708**
	Tax	-725	-	-725
	Profit for the year	**2,376**	**-393**	**1,983**

Note	EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 1 January – 31 December 2015
	Profit for the year	2,376	-393	1,983
	Other comprehensive income			
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
	Cash flow hedges – effective portion of changes in fair value	-	-110	-110
	Exchange differences on translation of foreign operations	-	-7	-7
	Income tax effect	-	26	26
	Total	-	**-91**	**-91**
	Other comprehensive income/(loss) for the year, net of tax	-	-91	-91
	Total comprehensive income	**2,376**	**-484**	**1,892**

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31 Impact of transition to IFRS (continued)

Income statement 2016

Note	EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 1 January – 31 December 2016
	Revenue	177,850	-	177,850
	Cost of sales	-157,185	-	-157,185
	Product profit	**20,665**	-	**20,665**
	Other external costs	-4,486	-	-4,486
	Gross profit	**16,179**	-	**16,179**
A	Staff costs	-9,001	-589	-9,590
	Operating profit before depreciations and amortisation (EBITDA)	**7,178**	**-589**	**6,589**
	Depreciation and amortisation	-1,510	-	-1,510
	Operating profit	**5,668**	**-589**	**5,079**
	Finance income	198	-	198
	Finance expenses	-1,032	-	-1,032
	Profit before tax	**4,834**	**-589**	**4,245**
	Tax	-1,166	-	-1,166
	Profit for the year	**3,668**	**-589**	**3,079**

Note	EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 1 January – 31 December 2016
	Profit for the year	3,668	-589	3,079
	Other comprehensive income			
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
	Cash flow hedges – effective portion of changes in fair value	-	1	1
	Exchange differences on translation of foreign operations	-	31	31
	Income tax effect	-	-	-
	Total	-	**32**	**32**
	Other comprehensive income/(loss) for the year, net of tax	-	32	32
	Total comprehensive income	**3,668**	**-557**	**3,111**

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31 Impact of transition to IFRS (continued)

Notes to the reconciliation of equity for the period 1 January 2015 - 31 December 2016 and total comprehensive income for the period 1 January 2015 - 31 December 2016.

A Warrant program

Under Local GAAP, the Group did not recognise equity-settled programs, which are being recognised as staff costs under IFRS. IFRS requires the fair value of the warrant programs to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of EUR 295 thousand has been recognised in profit or loss for the year ended 31 December 2017 (2016: EUR 589 thousand; 2015: EUR 393 thousand). The warrant programs have been recognised as a separate component of equity against retained earnings.

B Foreign currency translation

Under Local GAAP, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations are deemed to be zero as at
1 January 2015 and the resulting adjustment was recognised against retained earnings.

C Reclassification of accounts receivable

According to Local GAAP the receivables covered by factoring was presented net. These receivables from customers and payables to the bank are presented gross under IFRS due to the fact that risk and rewards has not been transferred to the factoring company.

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Income statement

Note	EUR'000	2017	2016	2015
	Other external costs	-14	-33	-18
	Gross profit	**-14**	**-33**	**-18**
	Operating profit before depreciations and amortisation (EBITDA)	**-14**	**-33**	**-18**
	Operating profit	**-14**	**-33**	**-18**
4	Share of profit from subsidiaries accounted under the equity method	4,059	2,742	1,425
5	Finance expenses	-262	-196	-
	Profit before tax	**3,783**	**2,513**	**1,407**
6	Tax	62	49	4
	Profit for the year	**3,845**	**2,562**	**1,411**

Parent Company financial statements 1 January – 31 December

Statement of other comprehensive income

Note	EUR'000	2017	2016	2015
	Profit for the year	3,845	2,562	1,411
	Total comprehensive income	**3,845**	**2,562**	**1,411**

Parent Company financial statements 1 January – 31 December

Balance sheet

Note	EUR'000	2017	2016	2015	As at 1 January 2015
	ASSETS				
	Non-current assets				
4	Investments in subsidiaries	8,862	9,147	5,843	2,901
	Total non-current assets	8,862	9,147	5,843	2,901
	Current assets				
7	Trade and other receivables	1,494	2,618	677	5
	Cash and cash equivalents	3	4	82	33
	Total current assets	1,497	2,622	759	38
	TOTAL ASSETS	10,359	11,769	6,602	2,939
	EQUITY AND LIABILITIES				
	Equity				
8	Share capital	17	17	17	17
	Reserve for net revaluation according to the equity method	-	-	5,160	2,210
	Retained earnings	5,475	2,624	541	496
	Total equity	5,492	2,641	5,718	2,723
	Non-current liabilities				
10	Borrowings	3,132	4,141	-	-
18	Other payables	147	147	147	147
	Total non-current liabilities	3,279	4,288	147	147
	Current liabilities				
10	Borrowings	766	3,067	-	-
11	Trade payables	22	22	8	-
6	Income tax payable	799	1,751	668	-
	Other payables	-	-	61	69
	Total current liabilities	1,587	4,840	737	69
	Total liabilities	4,866	9,128	884	216
	TOTAL EQUITY AND LIABILITIES	10,359	11,769	6,602	2,939

Parent Company financial statements 1 January – 31 December

Cash flow statement

Note	EUR'000	2017	2016	2015
	Operating activities			
	Profit before tax	3,783	2,513	1,407
	Adjustments to reconcile profit before tax to net cash flows:			
	Share of profit from subsidiaries	-4,059	-2,742	-1,425
	Finance expenses	262	196	-
	Working capital adjustments:			
	Non-cash items, net	1	-	-
12	Changes in working capital	293	-860	-
	Interests paid	-262	-196	-
	Income tax paid/received	-59	4	-
	Net cash flows from operating activities	**-41**	**-1,085**	**-18**
	Investing activities			
	Additions, investments	-	-8,743	67
	Dividend received	4,350	2,542	-
	Net cash flows used in investing activities	**4,350**	**-6,201**	**67**
	Financing activities			
	Loan received	-	8,805	-
	Loan paid	-3,310	-1,597	-
	Dividends paid to equity holders	-1,000	-	-
	Net cash flows from financing activities	**-4,310**	**7,208**	**-**
	Cash flow for the year	-1	-78	49
	Cash and cash equivalents and borrowings at 1 January	4	82	33
13	**Cash and cash equivalents and borrowings at 31 December**	**3**	**4**	**82**

The above cannot be derived directly from the income statement and the balance sheet.

Parent Company financial statements 1 January – 31 December

Statement of changes in equity in 2017

EUR'000	Share capital	Reverse for net revaluation according to the equity method	Retained earnings	Total
Equity 1 January 2017	**17**	**-**	**2,624**	**2,641**
Total comprehensive income 2017				
Profit for the year	-	4,059	-214	3,845
Transactions with owners				
Equity movements in subsidiary, etc.		6	-	6
Dividends from subsidiary	-	-4,350	4,350	-
Transfer	-	285	-285	-
Dividends paid	-	-	-1,000	-1,000
Total	-	-4,059	3,065	-994
Equity 31 December 2017	**17**	**-**	**5,475**	**5,492**

Parent Company financial statements 1 January – 31 December

Statement of changes in equity in 2016

EUR'000	Share capital	Reverse for net revaluation according to the equity method	Retained earnings	Total
Equity 1 January 2016	**17**	**5,160**	**541**	**5,718**
Total comprehensive income 2016				
Profit for the year	-	2,742	-180	2,562
Transactions with owners				
Equity movements in subsidiary, etc.	-	-5,639	-	-5,639
Dividend from subsidiary	-	-2,542	2,542	-
Transfer	-	279	-279	-
Total	-	-7,961	2,322	-5,639
Equity 31 December 2016	**17**	**-**	**2,624**	**2,641**

Parent Company financial statements 1 January – 31 December

Statement of changes in equity in 2015

EUR'000	Share capital	Reverse for net revaluation according to the equity method	Retained earnings	Total
Equity 1 January 2015	**17**	**2,210**	**496**	**2,723**
Total comprehensive income 2015				
Profit for the year	-	1,425	-14	1,411
Transactions with owners				
Equity movements in subsidiary, etc.	-	1,525	59	1,584
Total	-	1,525	59	1,584
Equity 31 December 2015	**17**	**5,160**	**541**	**5,718**

Parent Company financial statements 1 January – 31 December

Overview of notes for the Parent Company financial statements

Note

1 Accounting policies
2 Significant accounting judgements, estimates and assumptions
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Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies

For general information about the Parent Company, Abacus Medicine Holding ApS, including description of its principal activities, reference is made to note 1 in the consolidated financial statements.

Basis of preparation

The separate financial statements of the Parent Company have been included in the annual report as required by the Danish Financial Statements Act.

The separate financial statements for the Parent Company for 2017 are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional requirements according to the Danish Financial Statements Act applying to large reporting class C entities. For periods up to and including the year ended 31 December 2016, Abacus Medicine Holding ApS prepared its financial statements in accordance with the Danish Financial Statements Act. These financial statements for the year ended 31 December 2017 including comparative numbers for 2016 and 2015 are the first financial statements prepared in accordance with IFRS, as adopted by the EU and additional requirements according to the Danish Financial Statements Act. Please refer to note 21 for information on how the Parent Company adopted IFRS.

The financial statements have been prepared on a historical cost basis.

Change of presentation currency

The presentation currency for the Parent Company was changed from DKK to euro. This is consistent with the presentation currency for the Group, and the change in presentation currency did not have any impact on the income statement, balance sheet or statement of equity except, with the exception of the immaterial effect of currency conversion.

Financial statements of the Parent Company

The accounting policies of the Parent Company are consistent with those applied in the consolidated financial statements, note 1 in the consolidated financial statements, including the below accounting policies for investments in group subsidiaries.

Investments in Group subsidiaries

The Parent's investments in its subsidiaries are accounted for using the equity method.

Under the equity method, the investment in the subsidiary is initially recognised at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the subsidiary since the acquisition date. Goodwill relating to the subsidiary is included in the carrying amount of the investment and is not tested for impairment separately, however the carrying amount of the investments in subsidiaries is subject to an annual test for indications of impairment.

The statement of profit or loss reflects the Group's share of the results of operations of the subsidiaries. Any change in other comprehensive income of those subsidiaries is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the subsidiary, the Parent recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Parent and the subsidiary are eliminated.

Investments in enterprises with negative net asset values are measured at DKK 0 (nil). The enterprise's proportionate share of any negative equity is set off against receivables from the investment to the extent the receivable is deemed irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method if the earnings amount exceeds the costs.

The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

2 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgements based on a number of factors in the given circumstances.

Management assesses that, in respect of the financial reporting for the Parent Company, no accounting estimates or judgements are made when applying the Parent Company's accounting policies which are significant to the financial reporting apart from those disclosed in note 2 to the consolidated financial statements.

Parent Company financial statements 1 January – 31 December

Notes

3 Fees paid to auditors appointed at the annual general meeting

Fees payable to the Group's and Parent Company's auditor for the audit of the Group's and Parent Company's financial statements and other non-audit services are specified as below.

EUR'000	2017	2016	2015
Audit	7	7	6
Other assurance engagements	-	-	-
Total audit related services	**7**	**7**	**6**
Tax consultancy	1	1	1
Other non-audit services	-	10	9
Total fee to EY	**8**	**18**	**16**

The costs are recognised in the consolidated income statement as Other external costs.

4 Investment in subsidiaries

Name	Registered office	Ownership 2017	Ownership 2016	Ownership 2015
Abacus Medicine A/S	Denmark	91.6%	96.2%	70.7%
Abacus Medicine Hungary KFT	Hungary	100%	100%	100%
Abacus Medicine B.V.	The Netherlands	100%	100%	100%
Abacus Medicine GmbH Krefeld	Germany	100%	100%	100%
Abacus Medicine GmbH Berlin	Germany	100%	100%	100%
Abacus Medicine Ltd	United Kingdom	100%	100%	100%
Abacus Medicine Austria GmbH	Austria	100%	100%	-
Abacus Medicine France S.A.S	France	100%	100%	-
Abacus Medicine OY	Finland	100%	-	-
PharmaSave BVBA	Belgium	100%	-	-
Originalis B.V.	The Netherlands	100%	100%	-
Aposave ApS	Denmark	100%	-	-
Aposave Ltd.	United Kingdom	100%	-	-
Aposave Asia Ltd.	Hong Kong	100%	-	-
Aposave USA Inc.	USA	100%	-	-

Parent Company financial statements 1 January – 31 December

Notes

4 Investment in subsidiaries (continued)

	2017	2016	2015
Cost as at 1 January	9,426	683	691
Additions	-	8,743	-
Disposals	-	-	-8
Cost as at 31 December	9,426	9,426	683
Value adjustments as at 1 January	-279	5,160	2,210
Disposals	-	-	-59
Profit for the year	4,059	2,742	1,425
Dividends	-4,350	-2,542	-
Equity movement in subsidiaries	290	523	2,087
Change in ownership, minorities	-284	-6,162	-503
Value adjustments as at 31 December	-564	-279	5,160
Carrying value as at 31 December	8,862	9,147	5,843
Which are presented as:			
Investments in Subsidiaries	8,862	9,147	5,843
At 31 December 2017	8,862	9,147	5,843

Investments in subsidiaries are measured using the equity method.

Parent Company financial statements 1 January – 31 December

Notes

5 Net finance costs

EUR'000	2017	2016	2015
Finance expenses			
Finance costs, interests etc.	200	167	-
Amortisation of borrowing costs	62	29	
Total finance expenses	**262**	**196**	**-**

Finance expenses related to balance sheet items recognised at amortised cost EUR 262 thousand (2016 EUR 196 thousand; 2015: EUR 0 thousand).

6 Income tax

Income statement

EUR'000	2017	2016	2015
Current income tax			
Current income tax charge	62	49	4
Income tax expense reporting in the income statement	62	49	4

Tax on profit for the year can be explained as follows:

EUR'000	2017	2016	2015
Accounting profit before income tax			
Calculated 22% (2016: 22%; 2015: 23.5%) tax on profit for the year	831	553	423
Tax effect of:			
Non-taxable income	-893	-602	-427
Total	-62	-49	-4
Effective tax (%)	1.6%	1.9%	0.2%

There is no deferred tax in the Parent Company. (2016: EUR 0; 2015: EUR 0)

Income tax payable

EUR'000	2017	2016	2015
Income tax payable 1 January	1,761	688	-
Current tax for the year	62	49	4
Tax paid/received	-59	4	-
Tax from joint taxed companies	1,033	1,212	535
Corporation tax paid/received during the year regarding joint tax	-1,998	-192	149
Income tax payable 31 December	**799**	**1,761**	**688**

Parent Company financial statements 1 January – 31 December

Notes

7 Trade and other receivables

EUR'000	2017	2016	2015
Receivables from subsidiaries	175	809	-
Other receivables	1,319	1,809	677
Total	**1,494**	**2,618**	**677**

8 Equity

Share capital

For disclosure regarding equity, refer to note 16 in the consolidated financial statements.

9 Distributions made and proposed

For disclosure regarding distributions made during the years, refer to note 17 in the consolidated financial statements.

10 Borrowings

EUR'000	2017	2016	2015
Non-current liabilities			
Bank loan	3,132	4,141	-
Current liabilities			
Bank loan	766	3,067	-
Carrying amount	3,898	7,208	-
Nominal amount	3,898	7,208	-

	2017	2016	2015
0-1 year	766	3,067	-
1-5 years	3,132	4,141	-
>5 years	-	-	-
Carrying amount	3,898	7,208	-

Net financing cash flow

EUR'000	1 January 2017	Financing cash flow	Currency	31 December 2017
Borrowings	7,208	-3,310	-	3,898
Borrowings from financing activities	7,208	-3,310	-	3,898

Parent Company financial statements 1 January – 31 December

Notes

11 Trade payables

EUR'000	2017	2016	2015
Trade payables	22	22	8
Carrying amount	22	22	8

12 Change in working capital

EUR'000	2017	2016	2015
Change in receivables	293	-813	-
Change in trade payables etc.	-	-47	-
Total	293	-860	-

13 Cash and cash equivalents

EUR'000	2017	2016	2015
Cash and cash equivalents	3	4	82
Total	3	4	82

14 Contractual obligations and contingencies etc.

Contingent liabilities

Abacus Medicine Holding ApS are subject to Danish joint taxation with Abacus Medicine A/S. Abacus Medicine Holding ApS are liable in the joint taxation for Danish company taxes, taxes on dividends, interests and royalties. The liability totals EUR 1.3 million as per 31 December 2017 (2016: EUR 1,7 million; 2015: EUR 0.7 million).

15 Mortgage and collateral

Abacus Medicine Holding ApS has pledged the shares in Abacus Medicine A/S as security for the bank loan of Abacus Medicine A/S. The bank loan totals EUR 24 million as per 31 December 2017.

Abacus Medicine Holding ApS has issued a declaration of withdrawal to the bank of Abacus Medicine A/S regarding current and future receivables. Bank loans in Abacus Medicine A/S are secured by mortgage in the company totaling EUR 4 million. Abacus Medicine Holding ApS guarantees for Abacus Medicine A/S for the factoring agreement.

Parent Company financial statements 1 January – 31 December

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16 Financial risk and financial instruments

Risk management policy

The Company's principal financial liabilities, other than derivatives, comprise overdraft facility with the bank and trade and other payables. Management of market, currency, credit, interest rate and liquidity and pricing risk is consistent with the policies in place at the Group level. Please see note 26 to the Group financial statements for detailed information related with these risk management policies, practices and assumptions.

Maturity analysis

2017 (EUR'000)	Contractual cash flows	< 1 year	1 - 3 years	3 to 5 years	>5 years
Non-derivative financial instruments					
Credit institutions and banks	3,898	766	3,132	-	-
Trade payables	22	22	-	-	-
31 December 2017	**3,920**	**788**	**3,132**	**-**	**-**
2016 (EUR'000)					
Non-derivative financial instruments					
Credit institutions and banks	7,208	3,067	4,141	-	-
Trade payables	22	22	-	-	-
31 December 2016	**7,230**	**3,089**	**4,141**	**-**	**-**
2015 (EUR'000)					
Non-derivative financial instruments					
Trade payables	8	8	-	-	-
31 December 2015	**8**	**8**	**-**	**-**	**-**

Parent Company financial statements 1 January – 31 December

Notes

16 Financial risk and financial instruments (continued)

Categories of financial instruments

	Carrying amount			Fair value		
EUR'000	2017	2016	2015	2017	2016	2015
Financial assets measured at amortised cost						
Trade and other receivables, incl. receivables from related parties	1,494	2,618	677	1,494	2,618	677
Cash and cash equivalents	3	4	82	3	4	82
Total	**1,497**	**2,622**	**759**	**1,497**	**2,622**	**759**
Financial liabilities measured at amortised cost						
Borrowings	3,062	3,067	-	3,324	3,263	-
Trade payables	22	22	8	22	22	8
Total	**3,084**	**3,089**	**8**	**3,346**	**3,285**	**8**

17 Leases

Operating leases

The Company has no lease commitment.

Parent Company financial statements 1 January – 31 December

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18 Related party disclosures

The following table provides the total amount of transactions that have been entered into with related partied for the relevant financial year:

EUR'000	2017	2016	2015	1 January 2015
Receivable from subsidiaries	175	809	-	-
Payable to subsidiary (Abacus Medicine A/S)	-	-	61	28
Other payables (debt to shareholder)	147	147	147	147

19 Events after the reporting period

No events have occurred after the balance sheet date which could have a material effect on the Company's financial position at 31 December 2017.

20 Standards issued but not yet effective

For information on standards issued but not yet effective, please refer to the note 30 in the consolidated financial statements. The impact of the new accounting standards on the Company is expected to be wholly consistent with the impact on the Group.

21 Impact of transition to IFRS

These financial statements for the year ended 31 December 2017 with comparative figures for 2016 and 2015, are the first set of financial statements prepared in accordance with IFRS adopted by the EU and additional requirements according to the Danish Financial Statements Atc. For periods up to and including the year ended 31 December 2016, Abacus Medicine Holding ApS did not prepare consolidated financial statements but on financial statements for the Parent Company, which was prepared in accordance with the Danish Financial Statements Act.

Exemptions

IFRS 1 allows first-time adopters certain exemptions and exceptions from the retrospective application of certain requirements under IFRS. For the purpose of preparing these financial statements, Abacus Medicine Holding ApS have applied the following exceptions:

Under Local GAAP, the company recognised translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2015 and the resulting adjustment was recognised against retained earnings.

Parent Company financial statements 1 January – 31 December

Notes

21 Impact of transition to IFRS (continued)

Balance Sheet 1 January 2015

EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 1 January 2015
ASSETS			
Non-current assets			
Investments in subsidiaries	2,901	-	2,901
Total non-current assets	2,901	-	2,901
Current assets			
Trade and other receivables	5	-	5
Cash and cash equivalents	33	-	33
Total current assets	38	-	38
TOTAL ASSETS	2,939	-	2,939
EQUITY AND LIABILITIES			
Equity			
Share capital	17	-	17
Reserve for net revaluation according to the equity method	2,210	-	2,210
Retained earnings	496	-	496
Total equity	2,723	-	2,723
Non-current liabilities			
Other payables	147	-	147
Total non-current liabilities	147	-	147
Current liabilities			
Other payables	69	-	69
Total current liabilities	69	-	69
Total liabilities	216	-	216
TOTAL EQUITY AND LIABILITIES	2,939	-	2,939

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Notes

21 Impact of transition to IFRS (continued)

Balance Sheet 31 December 2015

EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 31 December 2015
ASSETS			
Non-current assets			
Investments in subsidiaries	5,843	-	5,843
Total non-current assets	5,843	-	5,843
Current assets			
Trade and other receivables	677	-	677
Cash and cash equivalents	82	-	82
Total current assets	759	-	759
TOTAL ASSETS	6,602	-	6,602
EQUITY AND LIABILITIES			
Equity			
Share capital	17	-	17
Reserve for net revaluation according to the equity method	5,160	-	5,160
Retained earnings	541	-	541
Total equity	5,718	-	5,718
Non-current liabilities			
Other payables	147		147
Total non-current liabilities	147	-	147
Current liabilities			
Trade payables	8	-	8
Income tax payable	668	-	668
Other payables	61	-	61
Total current liabilities	737	-	737
Total liabilities	884	-	884
TOTAL EQUITY AND LIABILITIES	6,602	-	6,602

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Notes

21 Impact of transition to IFRS (continued)

Balance Sheet 31 December 2016

EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 31 December 2016
ASSETS			
Non-current assets			
Investments in subsidiaries	9,147	-	9,147
Total non-current assets	9,147	-	9,147
Current assets			
Trade and other receivables	2,618	-	2,618
Cash and cash equivalents	4	-	4
Total current assets	2,622	-	2,622
TOTAL ASSETS	11,769	-	11,769
EQUITY AND LIABILITIES			
Equity			
Share capital	17	-	17
Retained earnings	2,624	-	2,624
Total equity	2,641	-	2,641
Non-current liabilities			
Other payables	147		147
Borrowings	4,141	-	4,141
Total non-current liabilities	4,288	-	4,288
Current liabilities			
Borrowings	3,067	-	3,067
Trade payables	22	-	22
Income tax payable	1,751	-	1,751
Total current liabilities	4,840	-	4,840
Total liabilities	9,128	-	9,128
TOTAL EQUITY AND LIABILITIES	11,769	-	11,769

Parent Company financial statements 1 January – 31 December

Notes

21 Impact of transition to IFRS (continued)

Income statement for 2015

Note	EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 1 January – 31 December 2015
	Other external costs	-18	-	-18
	Gross profit	**-18**	**-**	**-18**
	Operating profit before depreciations and amortisation (EBITDA)	**-18**	**-**	**-18**
	Operating profit	**-18**	**-**	**-18**
	Share of profit from subsidiaries accounted under the equity method	1,425	-	1,425
	Profit before tax	**1,407**	**-**	**1,407**
	Tax	4	-	4
	Profit for the year	**1,411**	**-**	**1,411**

EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 1 January – 31 December 2015
Profit for the year	1,411	-	1,411
Total comprehensive income	**1,411**	**-**	**1,411**

Parent Company financial statements 1 January – 31 December

Notes

21 Impact of transition to IFRS (continued)

Income statement for 2016

Note	EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 1 January – 31 December 2016
	Other external costs	-33	-	-33
	Gross profit	**-33**	**-**	**-33**
	Operating profit before depreciations and amortisation (EBITDA)	**-33**	**-**	**-33**
	Operating profit	**-33**	**-**	**-33**
	Share of profit from subsidiaries accounted under the equity method	2,742	-	2,742
	Finance expenses	-196	-	-196
	Profit before tax	**2,513**	**-**	**2,513**
	Tax	49	-	49
	Profit for the year	**2,562**	**-**	**2,562**

EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 1 January – 31 December 2016
Profit for the year	2,562	-	2,562
Total comprehensive income	**2,562**	**-**	**2,562**