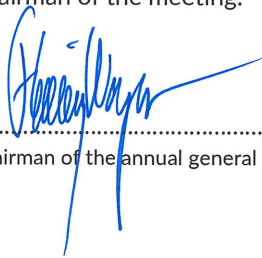


Wagner Family Holding ApS Annual Report 2018

Approved at the Company's annual general meeting on 31 May 2019
Chairman of the meeting:

A handwritten signature in blue ink, appearing to be 'Hans Wagner', written over a dotted line.

Chairman of the annual general meeting

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Statement by Management on the annual report

Today, the Management has approved the Annual Report of Wagner Family Holding ApS for the financial year 1 January – 31 December 2018.

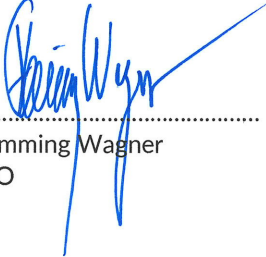
The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

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

Copenhagen, 31 May 2019

Management:



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Flemming Wagner
CEO

Independent auditors' reports

To the shareholders of Wagner Family Holding ApS

Opinion

We have audited the financial statements of Wagner Family Holding ApS for the financial year 1 January – 31 December 2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of its operations for the financial year 1 January – 31 December 2018 in accordance with 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 financial statements section of this auditor's 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 Company 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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

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

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

Copenhagen, 31 May 2019
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Peter Gath
State Authorised
Public Accountant
mne19718



Ole Becker
State Authorised
Public Accountant
mne33732

Company information

Name	Wagner Family Holding ApS
Address	Vesterbrogade 149 1620 København V
CVR-no.	25 66 77 35
Founded	15 October 2000
Registered municipality	Copenhagen, Denmark
Financial year	1 January – 31 December
Telephone	+45 70 22 02 12
Management	Flemming Wagner, CEO
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, 2000 Frederiksberg

Financial statements 1 January – 31 December

Income statement

Note	EUR'000	2018	2017
	Other external costs	2	-14
	Operating profit	2	-14
3	Share of net profit in subsidiaries	4,418	4,059
4	Finance income	10	0
4	Finance expenses	-204	-262
	Profit before tax	4,226	3,783
5	Tax	41	62
	Profit for the year	4,267	3,845
Distribution of profit			
	Proposed distribution of profit		
	Transferred to reserve for net revaluation according to the equity method	4,418	4,059
	Retained earnings	-151	-214
		4,267	3,845

Financial statements 1 January – 31 December

Balance sheet

Note	EUR'000	2018	2017
	ASSETS		
	Non-current assets		
	Financial assets		
3	Investments in subsidiaries	12,928	8,862
	Total non-current assets	12,928	8,862
	Current assets		
	Receivables		
	Other receivables	-	1,489
	Deferred tax asset	12	5
	Corporation tax receivable from group enterprises	34	-
	Total receivables	46	1,494
	Cash	292	3
	Total current assets	338	1,497
	TOTAL ASSETS	13,266	10,359
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	17	17
	Reserve for net revaluation according to the equity method	3,277	-
	Retained earnings	5,900	5,475
	Total equity	9,194	5,492
	Non-current liabilities		
6	Borrowings	-	3,132
7	Other payables	147	147
3	Provisions	158	-
	Total non-current liabilities	305	3,279
	Current liabilities		
6	Borrowings	3,237	766
	Trade payables	3	23
	Payables to group enterprises	527	-
	Income tax payable	-	799
	Total current liabilities	3,767	1,588
	Total liabilities	4,072	4,867
	TOTAL EQUITY AND LIABILITIES	13,266	10,359

Financial statements 1 January – 31 December

Statement of changes in equity

EUR'000

	Share capital	Reserve for net re- valuation according to the equity method	Retained earnings	Total
Equity 1 January 2018	17	-	5,475	5,492
Profit for the year	-	4,418	-151	4,267
Equity movements in subsidiary, etc.	-	-577	-	-577
Other movements	-	-	12	12
Transfer	-	-564	564	-
Equity 31 December 2018	17	3,277	5,900	9,194
Equity 1 January 2017	17	-	2,624	2,641
Total comprehensive income 2017				
Profit for the year	-	4,059	-214	3,845
Equity movements in subsidiary, etc.	-	290	-	290
Change in ownership, minorities	-	-284	-	-284
Dividends from subsidiary	-	-4,350	4,350	-
Transfer	-	285	-285	-
Dividends paid	-	-	-1,000	-1,000
Equity 31 December 2017	17	-	5,475	5,492

Notes to the Financial Statements

Overview of notes for the company

Note

- 1 Main activities
- 2 Employees
- 3 Investments in subsidiaries
- 4 Net finance costs
- 5 Tax on profit/loss for the year
- 6 Borrowings
- 7 Other payables
- 8 Contingent assets, liabilities and other financial obligations
- 9 Subsequent events
- 10 Accounting Policies

Notes to the Financial Statements

1 Main activity

The objective of the Company is to hold ownership shares in Abacus Medicine A/S.

2 Employees

The average number of full-time employee was 0 (2017: 0).

3 Investments in subsidiaries

Name	Registered office	Ownership 2018 and voting rights	Ownership 2017 and voting rights
Abacus Medicine A/S	Denmark	91.6%	91.6%
Abacus Medicine Hungary KFT	Hungary	100%	100%
Abacus Medicine B.V.	The Netherlands	100%	100%
+365 Medicines GmbH	Germany	100%	100%
Abacus Medicine Berlin GmbH	Germany	100%	100%
Abacus Medicine Ltd	United Kingdom	100%	100%
Abacus Medicine Austria GmbH	Austria	100%	100%
Abacus Medicine France S.A.S	France	100%	100%
Abacus Medicine Finland Oy	Finland	100%	100%
Abacus Medicine Ireland Ltd.	Ireland	100%	-
PharmaSave BVBA	Belgium	100%	100%
Originalis B.V.	The Netherlands	100%	100%
Aposave ApS	Denmark	100%	100%
Aposave Ltd.	United Kingdom	100%	100%
Aposave Asia Ltd.	Hong Kong	100%	100%
Aposave USA Inc.	USA	100%	100%
Aposave B.V.	The Netherlands	100%	-
Aposave Mexico S de RL de	Mexico	100%	-
Aposave prestacao de servicos	Brazil	100%	-
DayDose ApS	Denmark	100%	-
EUR'000			
Cost as at 1 January		9,426	9,426
Additions		67	-
Cost as at 31 December		9,493	9,426
Value adjustments as at 1 January		-564	-279
Ownership portion of profit for the year		4,685	4,059
Ownership portion of amortisation of Goodwill in Abacus Medicine A/S		-267	-
Dividends		-	-4,350
Ownership portion of equity movement in subsidiary		-577	290
Change in ownership, minorities		-	-284
Value adjustments as at 31 December		3,277	-564
Carrying value as at 31 December		12,770	8,862
Which are presented as follows:			
Investments in Subsidiaries		12,928	8,862
Provision for negative equity in Subsidiaries		-158	-
As at 31 December		12,770	8,862

Investments in subsidiaries are measured using the equity method.

Notes to the Financial Statements

4 Net finance costs

EUR'000	<u>2018</u>	<u>2017</u>
Finance income		
Interest income	<u>10</u>	<u>-</u>
Total finance income	<u><u>10</u></u>	<u><u>-</u></u>
 EUR'000	 <u>2018</u>	 <u>2017</u>
Finance expenses		
Finance costs, interests etc.	114	200
Interests on intercompany loan	29	-
Amortisation of borrowing costs	<u>62</u>	<u>62</u>
Total finance expenses	<u><u>204</u></u>	<u><u>262</u></u>

5 Tax on loss for the year

EUR'000	<u>2018</u>	<u>2017</u>
Current income tax		
Current income tax charge	-34	-59
Deferred tax		
Relating to origination and reversal of temporary difference	<u>-7</u>	<u>-3</u>
Income tax income reporting in the income statement	<u><u>-41</u></u>	<u><u>-62</u></u>

Notes to the Financial Statements

6 Borrowings

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

EUR'000	2018	2017
Non-current liabilities		
Bank loan	-	3,132
Current liabilities		
Bank loan	3,237	766
Carrying amount	<u>3,237</u>	<u>3,898</u>
Nominal amount	<u>3,237</u>	<u>3,898</u>

7 Other payables

Other payables comprise a debt note to the ultimate shareholder of the company.

8 Contingent assets, liabilities and other financial obligations

Charges and security

Wagner Family 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 21 million as per 31 December 2018 (2017: EUR 24 million). Wagner Family Holding ApS has issued a declaration of withdrawal to the bank of Abacus Medicine A/S regarding current and future receivables. Wagner Family Holding ApS guarantees for a factoring agreement Abacus Medicine A/S has with AL Finans which per 31 December 2018 has a limit of EUR 64 million.

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Wagner Family Holding ApS has issued a letter of comfort to the subsidiary DayDose ApS undertaking the support of the continued operations of DayDose ApS to provide the funds required to ensure that DayDose ApS can fulfil its obligations as they fall due. The letter of comfort is valid up to and including 31 December 2019.

Notes to the Financial Statements

9 Subsequent events

On 10 May 2019 the subsidiary Abacus Medicine A/S announced its intension of an Initial Public Offering (IPO) on the Frankfurt Stock Exchange before the end of Q2-19. However due to an unfavorable marked environment, it was decided to postpone the IPO on 29 May 2019. Abacus Medicine will continue to monitor the market environment closely to raise capital for the continuous growth.

10 Accounting policies

The Financial statements of Wagner Family Holding ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with the adoption of individual requirements for class C.

The Financial Statements for 2018 are presented in EUR.

Change in accounting policies

The accounting policies have been changed compared to last year, where the financial statements was 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.

In accordance with the Danish Financial Statements Act goodwill is amortised. The recognised goodwill in subsidiaries relate to Abacus Medicine's acquisition of the Aposave entities per 21 December 2017. Accordingly, no amortisations on goodwill have been recognised in 2017.

Apart from this the transition from IFRS to the Danish Financial Statements Act has not led to any significant changes in the principles of recognition and measurement.

Consolidated financial statements and cash flow

Under Section 112 of the Danish Financial Statements Act, consolidated financial statements are not presented. Wagner Family Holding ApS and its subsidiaries are included in the consolidated financial statement for FTW Holding ApS, domiciled in Copenhagen. In accordance with the Danish Financial Statements Act §86 stk. 4, the cash flow statement is omitted.

Basis of preparation

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

Translation policies

EUR is used as the presentation currency. All other currencies are regarded as foreign currencies. Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

10 Accounting policies (continued)

Income Statement

Other external expenses

Other external expenses comprise audit, legal expenses and other administration expenses.

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Investments in Group subsidiaries

The 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 Company'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. Goodwill in subsidiaries is amortised over 10 years.

The statement of profit or loss reflects the Company's share of the results of operations of the subsidiaries. In addition, when there has been a change recognised directly in the equity of the subsidiary, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Company and the subsidiary are eliminated.

Investments in enterprises with negative net asset values are measured at EUR 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 constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluations of the investments in subsidiaries are transferred to the reserve for net revaluation, according to the equity method, to the extent that the carrying amount exceeds the acquisition value.

Notes to the Financial Statements

10 Accounting policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Cash

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other liabilities are measured at amortised cost, substantially corresponding to nominal value.