



**Annual Report for**  
**Abacus Medicine A/S**  
**28111576**

Annual Report was approved at  
the Annual General Meeting  
30. May 2018

**Lene Bech McCormick**  
Chairman

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## Submission information

### Report

Information on type of submitted report

Årsrapport

### Entity

Identification number [CVR]

28111576

Name

Abacus Medicine A/S

Date of foundation

2004-09-17

Registered office

Copenhagen

Telephone number

4570220212

Homepage

<http://www.abacusmedicine.com/>

E-mail

[info@abacusmedicine.com](mailto:info@abacusmedicine.com)

Address , street name

Vesterbrogade

Address , street building identifier

149

Address , post code identifier

1620

Address , district name

København V

### Auditor

1

Name and surname

Henrik Barner Christiansen

Identification number [CVR] of audit firm

30700228

Name of audit firm

Ernst & Young Godkendt Revisionspartnerselskab

Description

State Authorised Public Accountant

Address , street name

Osvald Helmuths Vej

Address , street building identifier

4

Address , post code identifier

2000

Address , district name

Frederiksberg

2

Name and surname

Ole Becker

Description

State Authorised Public Accountant

### Executive board

Name and surname of member (1)

Flemming Wagner

Title of member (1)

CEO

### Supervisory board

Name and surname of member (1)

Troels Troelsen

Title of member (1)

chairman

Name and surname of member (2)

Jens Harsaae

Name and surname of member (3)

Ole Jensen

Name and surname of member (4)

Flemming Wagner

### Information on enterprise submitting report

Identification number [CVR] of submitting enterprise

30700228

Name of submitting enterprise	EY
Address of submitting enterprise, street and number	Englandsgade 25
Address of submitting enterprise, postcode and town	5000 Odense

**Other informations**

Reporting period start date	2017-01-01
Reporting period end date	2017-12-31
Date of general meeting	2018-05-30
Name and surname of chairman of general meeting	Lene Bech McCormick
Type of auditor assistance	Revisionspåtegning
Reporting period start date last year	2016-01-01
Reporting period end date last year	2016-12-31
Currency:	EUR

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## **Statement by Management on the annual report**

### **Statement by executive and supervisory boards**

Statement by Management on the annual report

### **Identification of approved annual report**

Today, the Board and Executive Management have discussed and approved the Annual Report of Abacus Medicine A/S for the financial year 1 January – 31 December 2017.

### **Confirmation that annual report is presented in accordance with requirements provided for by legislation, any standards and requirements provided by articles of association or by agreement**

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.

### **Confirmation that financial statement gives true and fair view of assets, liabilities, equity, financial position and results**

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.

### **Recommendation for approval of annual report by general meeting**

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

### **Management's statement about management's review**

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.

### **Date of approval of annual report**

Copenhagen, 30. May 2018

**Executive board**

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Flemming Wagner  
CEO

**Supervisory board**

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Troels Troelsen  
chairman

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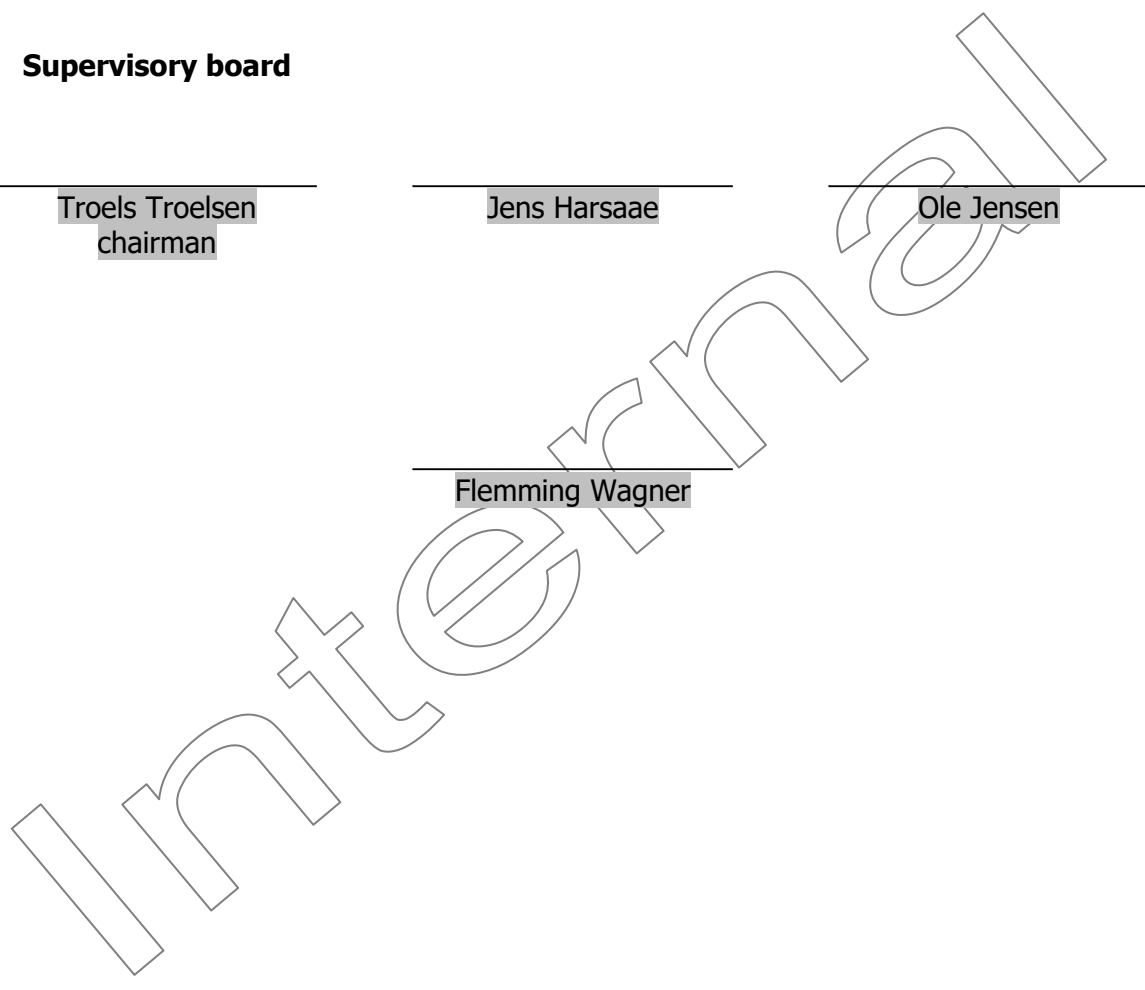
Jens Harsaae

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Ole Jensen

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Flemming Wagner



## Auditor's reports

### The independent auditor's reports (Audit)

Independent auditors' reports

### Addressee of auditor's report on audited financial statements

To the shareholders of Abacus Medicine A/S

### Opinion on audited financial statements

Opinion

We have audited the consolidated financial statements and the Parent Company financial statements of Abacus Medicine A/S 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 conclusion (Audit)

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.

### Statement on management's review [Auditor's report on audited financial statements]

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.

### **Statement on other information [Auditor's report on audited financial statements]**

#### **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 of executive and supervisory boards responsibility for financial statements**

#### **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.

### **Statement of auditor's responsibility for the audit of the financial statements (Audit)**

#### **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.

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

Henrik Barner Christiansen

State Authorised Public Accountant

Ernst & Young Godkendt Revisionspartnerselskab

30700228

mne10778

Ole Becker

State Authorised Public Accountant

mne33732

## Management's review

### Statement of corporate social responsibility

#### 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.

### Corporate governance report

#### Corporate Governance

The Board of Directors is responsible for the overall strategic direction, monitoring and controlling the Group's economic activities and serving as a professional sounding board for Executive management.

In 2017, the Board of Directors met 6 times.

The Board of Directors consists of

Troels Troelsen – Chairman since 2009

Mr. Troelsen is an experienced board member, CEO, and former Associate Professor at Copenhagen Business School (CBS).

Flemming Wagner – CEO, Co-founder and Majority Stakeholder. Member since 2009.

Prior to founding Abacus Medicine A/S, Mr. Wagner was the CEO of RAMCON A/S. He holds an Executive MBA and an MSC in biochemistry.

Ole Jensen – member since 2014

Mr. Jensen has CEO and CFO experience and currently serves as Investment Controlling Manager at KIRK KAPITAL A/S.

Jens Albert Harsaae – member since 2017

Mr. Harsaae is a professional board member, with previous positions as Partner and Managing Director for the Boston Consulting Group, and Marketing Director with Proctor & Gamble.

The Executive management consists of CEO Flemming Wagner (Executive Board) and 7 department managers with extensive industry experience in pharmaceuticals and parallel distribution.

### Statement of target figures and policies for the underrepresented gender

#### 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 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	0,00%	100,00%	0,00%	100,00%
Executive management	29,00%	71,00%	17,00%	83,00%
Managers	23,00%	77,00%	26,00%	74,00%

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

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## Income Statement 1. January 2017 - 31. December 2017

	<b>Group</b> <b>01-01-2017</b> <b>31-12-2017</b> <b>x1000 EUR</b>	<b>Group</b> <b>01-01-2016</b> <b>31-12-2016</b> <b>x1000 EUR</b>	<b>Parent</b> <b>01-01-2017</b> <b>31-12-2017</b> <b>x1000 EUR</b>	<b>Parent</b> <b>01-01-2016</b> <b>31-12-2016</b> <b>x1000 EUR</b>
<b>Profit or loss [abstract]</b>				
<b>Profit (loss) [abstract]</b>				
Revenue	253.056	177.850	249.820	177.316
Cost of sales	-223.744	-157.185	-228.843	-161.360
<b>External expenses [abstract]</b>				
Other external expenses	-7.039	-4.453	-4.552	-2.942
Gross profit	22.273	16.212	16.425	13.014
Employee benefits expense	-12.856	-9.590	-8.350	-6.744
<b>Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss [abstract]</b>				
Depreciation, amortisation expense and impairment losses of property, plant and equipment and intangible assets recognised in profit or loss	-1.857	-1.510	-1.510	-1.331
Profit (loss) from operating activities	7.560	5.112	6.565	4.939
Finance income	202	198	219	186
Finance costs	-1.630	-836	-1.618	-882
<b>Profit (loss) in subsidiaries, joint ventures and associates [abstract]</b>				
Profit (loss) in subsidiaries			634	133
Profit (loss) before tax	6.132	4.474	5.800	4.376
Tax expense (income), continuing operations	-1.804	-1.215	-1.472	-1.117

Profit (loss)	4.328	3.259	4.328	3.259
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	<b>Group</b> <b>01-01-2017</b> <b>31-12-2017</b> <b>x1000 EUR</b>	<b>Group</b> <b>01-01-2016</b> <b>31-12-2016</b> <b>x1000 EUR</b>	<b>Parent</b> <b>01-01-2017</b> <b>31-12-2017</b> <b>x1000 EUR</b>	<b>Parent</b> <b>01-01-2016</b> <b>31-12-2016</b> <b>x1000 EUR</b>
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**Earnings per share [abstract]**

**Earnings per share [line items]**

**Basic earnings per share [abstract]**

Basic earnings (loss) per share

1,6	1,2
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**Diluted earnings per share [abstract]**

Diluted earnings (loss) per share

1,5	1,2
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	<b>Group</b> <b>01-01-2017</b> <b>31-12-2017</b> <b>x1000 EUR</b>	<b>Group</b> <b>01-01-2016</b> <b>31-12-2016</b> <b>x1000 EUR</b>	<b>Parent</b> <b>01-01-2017</b> <b>31-12-2017</b> <b>x1000 EUR</b>	<b>Parent</b> <b>01-01-2016</b> <b>31-12-2016</b> <b>x1000 EUR</b>
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**Statement of comprehensive income [abstract]**

Profit (loss)

4.328	3.259	4.328	3.259
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**Components of other comprehensive income, before tax [abstract]**

**Exchange differences on translation [abstract]**

Gains (losses) on exchange differences on translation, before tax

-14	31	-14	31
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**Cash flow hedges [abstract]**

Gains (losses) on cash flow hedges, before tax

25	1	25	1
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**Income tax relating to components of other comprehensive income [abstract]**

Income tax relating to components of other comprehensive income

-5	0	-5	0
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Other comprehensive income

6	32	6	32
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Comprehensive income

4.334	3.291	4.334	3.291
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## Balance

### Assets

	<b>Group 31-12-2017 x1000 EUR</b>	<b>Group 31-12-2016 x1000 EUR</b>	<b>Parent 31-12-2017 x1000 EUR</b>	<b>Parent 31-12-2016 x1000 EUR</b>
<b>Assets [abstract]</b>				
<b>Non-current assets [abstract]</b>				
<b>Property, plant and equipment [abstract]</b>				
Property, plant and equipment	1.491	593	961	266
<b>Intangible assets and goodwill [abstract]</b>				
Intangible assets and goodwill	10.218	4.779	6.375	4.026
<b>Investments in subsidiaries, joint ventures and associates [abstract]</b>				
Investments in subsidiaries			3.785	1.079
<b>Trade and other non-current receivables [abstract]</b>				
<b>Other non-current receivables [abstract]</b>				
Other non-current receivables	180	113	70	44
Deferred tax assets		13		
Non-current assets	11.889	5.498	11.191	5.415
<b>Current assets [abstract]</b>				
<b>Classes of current inventories [abstract]</b>				
Current inventories	33.364	19.741	32.388	19.304
<b>Trade and other current receivables [abstract]</b>				

**Receivables from sales and services**

Receivables from sales and services

10.213	31.502	11.612	31.807
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**Cash and cash equivalents [abstract]**

Cash and cash equivalents

1.041	1.422	13	61
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Current assets

44.618	52.665	44.013	51.172
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Assets

56.507	58.163	55.204	56.587
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## Liabilities

	Group 31-12-2017 x1000 EUR	Group 31-12-2016 x1000 EUR	Parent 31-12-2017 x1000 EUR	Parent 31-12-2016 x1000 EUR
<b>Equity and liabilities [abstract]</b>				
<b>Equity [abstract]</b>				
Issued capital	373	355	373	355
<b>Retained earnings [abstract]</b>				
Retained earnings	9.315	9.174	8.370	8.876
[Ext.] Reserve for net revaluation according to the equity method			955	322
<b>Other reserves [abstract]</b>				
Other reserves	-17	-23	-27	-47
Equity	9.671	9.506	9.671	9.506
<b>Liabilities [abstract]</b>				
<b>Non-current liabilities [abstract]</b>				
<b>Non-current provisions [abstract]</b>				
Non-current provisions			18	
<b>Trade and other non-current payables [abstract]</b>				
Other non-current payables	952	67	952	67
<b>Current tax liabilities, non-current [abstract]</b>				
Deferred tax liabilities	1.105	673	1.101	667
Non-current liabilities	2.057	740	2.071	734
<b>Current liabilities [abstract]</b>				
<b>Current provisions [abstract]</b>				

Current provisions	543	274	543	274
<b>Trade and other current payables</b> <b>[abstract]</b>				
Current trade payables	11.170	7.001	11.078	5.725
[Ext.] Borrowings	24.048	33.158	24.048	33.157
Current tax liabilities, current	1.254	1.796	1.073	1.761
Current liabilities	44.779	47.917	43.462	46.347
<b>Miscellaneous current liabilities [abstract]</b>				
Other current liabilities	7.764	5.688	6.720	5.430
Liabilities	46.836	48.657	45.533	47.081
Equity and liabilities	56.507	58.163	55.204	56.587

## Cashflow

	<b>Group</b> <b>01-01-2017</b> <b>31-12-2017</b> <b>x1000 EUR</b>	<b>Group</b> <b>01-01-2016</b> <b>31-12-2016</b> <b>x1000 EUR</b>	<b>Parent</b> <b>01-01-2017</b> <b>31-12-2017</b> <b>x1000 EUR</b>	<b>Parent</b> <b>01-01-2016</b> <b>31-12-2016</b> <b>x1000 EUR</b>
<b>Cash flows from (used in) operating activities</b>				
Profit (loss) before tax (kredit)	6.132	4.474	5.800	4.376
<b>Adjustments to reconcile profit (loss)</b>				
Gains (losses) from subsidiaries, joint ventures and associates (kredit)			634	133
Adjustments for finance costs (debet)	1.630	836	1.618	882
Adjustments for finance income (kredit)	202	198	219	186
<b>Adjustments for depreciation and impairment loss</b>				
Total adjustments for depreciation and impairment loss (debet)	1.857	1.510	1.510	1.331
Other adjustments for non-cash items (debet)	583	1.505	543	1.418
<b>Adjustments for decrease (increase) in working capital</b>				
Total adjustments for decrease (increase) in working capital (debet)	14.172	-7.544	17.171	-7.772
Interest paid (kredit)	1.439	836	1.383	813
Interest received (debet)	202	180	219	186

Income taxes refund (paid) (kredit)	1.906	193	1.731	128
Net cash flows from (used in) operating activities (debet)	21.029	-266	22.894	-839

**Cash flows from (used in) investing activities**

Purchase of property, plant and equipment (kredit)	1.350	509	999	302
Business combinations (debet)	323	698		
Purchase of intangible assets (kredit)	3.938	1.530	3.565	1.529
Change in deposit (kredit)	52	12	26	-6
Disposals, non-current assets (debet)	4	13	5	
Investments in subsidiaries (kredit)			1.961	49
Net cash flows from (used in) investing activities (debet)	-5.013	-1.340	-6.546	-1.874

**Cash flows from (used in) financing activities**

Capital increases (kredit)			-287	
Proceed from exercise of warrants (debet)	287			
Proceeds from factoring debt (debet)	133.288	159.584	133.288	159.584

**Repayments of borrowings, classified as financing activities**

Change in deposits regarding bank agreement (kredit)	2.823		2.823	
Repayment of factoring debt (kredit)	156.129	157.883	156.129	157.883
Dividends paid (kredit)	4.751	2.638	4.751	2.638
Net cash flows from (used in) financing activities (debet)	-30.128	-937	-30.128	-937
Net increase (decrease) in cash and cash equivalents (debet)	-14.112	-2.543	-13.780	-3.650

Cash and cash equivalents at beginning of period (debet)  
Cash and cash equivalents and borrowings at 31 December (debet)

-8.895	-6.352	-10.255	-6.605
-23.007	-8.895	-24.035	-10.255

Internal