

**2care4 ApS**  
Tømmervej 9  
6710 Esbjerg V  
Business Registration No  
28964080

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 31.05.2018

### **Chairman of the General Meeting**

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Name: Frederik Bloch Jørgensen

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## Entity details

### Entity

2care4 ApS  
Tømmervej 9  
6710 Esbjerg V

Central Business Registration No (CVR): 28964080

Registered in: Esbjerg

Financial year: 01.01.2017 - 31.12.2017

Phone: 75152900

Fax: 75152910

Website: [www.2care4.dk](http://www.2care4.dk)

E-mail: [info@2care4.dk](mailto:info@2care4.dk)

### Board of Directors

Torben Børsting

Henrik Bisgaard Jensen

Toke Værndal

### Executive Board

Toke Værndal, CEO

Torben Børsting, COO

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

Postbox 200

6701 Esbjerg

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of 2care4 ApS for the financial year 01.01.2017 - 31.12.2017.

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 Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 24.04.2018

### Executive Board

Toke Værndal  
CEO

Torben Børsting  
COO

### Board of Directors

Torben Børsting

Henrik Bisgaard Jensen

Toke Værndal

## Independent auditor's report

### To the shareholders of 2care4 ApS

#### Opinion

We have audited the financial statements of 2care4 ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 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 are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 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 Entity'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 Entity 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 Entity'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 Entity'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 Entity 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.

## Independent auditor's report

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Esbjerg, 24.04.2018

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Jannick Kjersgaard  
State Authorised Public Accountant  
Identification No (MNE) mne29440

Lasse Lynggaard Wolff  
State Authorised Public Accountant  
Identification No (MNE) mne35802

## Management commentary

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>	<b>DKK'000</b>
<b>Financial highlights</b>					
<b>Key figures</b>					
Revenue	696,739	626,773	457,403	516,282	457,930
Gross profit/loss	76,501	83,368	56,656	58,878	51,008
Operating profit/loss	17,613	32,417	15,297	16,775	17,715
Net financials	(2,352)	(5,790)	(4,951)	(5,039)	(6,209)
Profit/loss for the year	11,751	20,723	7,926	8,785	8,860
Total assets	285,558	244,275	195,678	189,717	188,732
Investments in property, plant and equipment	818	1,871	390	0	0
Equity	21,750	29,871	26,079	18,681	9,896
Average numbers of employees	64	61	72	75	63
<b>Ratios</b>					
Net margin (%)	1.7	3.3	1.7	1.7	1.9
Return on equity (%)	45.5	74.1	35.4	61.5	37.0
Equity ratio (%)	7.6	12.2	13.3	9.8	5.2

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

<b>Ratios</b>	<b>Calculation formula</b>	<b>Calculation formula reflects</b>
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.



## Management commentary

### Primary activities

The company's main activity is the import, production, distribution and exportation of medical products and thus naturally related business.

### Development in activities and finances

Profit for the year after tax for 2017 amounts to DKKm 11.8 (2016: DKKm 20.7). The profit for the year is considered not to be satisfying, and does not meet the expectations for 2017, due to lack of capacity for 2. half of 2017.

### Outlook

For the financial year 2018 the company expect a growth in the activity about 20%, and a profit between DKKm 20-30 mio.

### Particular risks

#### General risk

When launching new products the company is very dependent on the processing time partly at the healthcare authorities in the countries where the products are sold and partly the central European registration authority, EMA, in London. In a number of countries the processing time still remains long, which limit a fast introduction of new parallel imported goods.

#### Financial risks

The company is exposed to fluctuations in interest rate levels and foreign exchange rates.

Control of the financial risk and cash flow of the company is conducted from the headquarters of the company. The company pursues a low risk profile within this area.

Equivalently, a tight control of the credit policy is implemented. Thus, the company only has a very limited risk towards customers or cooperators. The majority of sales is done to consolidated pharmaceutical wholesalers.

#### Intellectual capital resources

The business philosophy of the company contains 3 major thrusts: Innovation, Quality and mutual respect towards business partners in the market. It imposes large demands to knowledge resources regarding employees and business processes.

In order to continue delivering solutions it is vital that the company can recruit and maintain employees with a high level of education. It is our aim that our company possesses state-of-the-art knowledge as well as a quick adaptability.

The results of the company are to a great extent impacted by competencies and engagement of the employees. The company continually works on developing knowledge and competencies of the employees with the purpose of supporting the results and developing culture of the company.

## Management commentary

### **Environmental performance**

2care4 ApS is environmentally responsible and continually works with reducing the environmental impact from the business activities. Pharmaceutical products which are not sold are destructed by a qualified and approved company. Redundant packaging is to the greatest extent sorted and reused in alignment with existing rules in the area.

### **Research and development activities**

The development of the company includes implemented measures that within a few years is expected to generate increased revenue for the company.

### **Foreign branches**

2Care4 ApS, filial, Ulkomaat, Finland.

### **Statutory report on corporate social responsibility**

2care4 ApS does not have formal policies for voluntary integration of community responsibility as part of the strategu and activities of the company. Besides, no policies exist for human rights and climate impacts. No separate statement is given for community responsibility.

### **Statutory report on the underrepresented gender**

Objectives and policies for the underrepresented sex is disclosed in the annual report of VJ Investment ApS 2017. 2care4 ApS is a 100% owned subsidiary of VJ Investment ApS, and the objectives and policies include 2care4 ApS.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Income statement for 2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Revenue	2	696,739	626,773
Changes in inventories of finished goods and work in progress		17,067	10,903
Cost of sales		(610,738)	(535,300)
Other external expenses		<u>(26,567)</u>	<u>(19,008)</u>
<b>Gross profit/loss</b>		<b>76,501</b>	<b>83,368</b>
Staff costs	3	(49,052)	(38,578)
Depreciation, amortisation and impairment losses	4	<u>(9,836)</u>	<u>(12,373)</u>
<b>Operating profit/loss</b>		<b>17,613</b>	<b>32,417</b>
Other financial income	5	1,296	160
Other financial expenses	6	<u>(3,648)</u>	<u>(5,950)</u>
<b>Profit/loss before tax</b>		<b>15,261</b>	<b>26,627</b>
Tax on profit/loss for the year	7	<u>(3,510)</u>	<u>(5,904)</u>
<b>Profit/loss for the year</b>	8	<u><b>11,751</b></u>	<u><b>20,723</b></u>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Completed development projects		4,079	1,233
Acquired licences		10,347	10,731
Development projects in progress		381	2,790
<b>Intangible assets</b>	9	<b><u>14,807</u></b>	<b><u>14,754</u></b>
Other fixtures and fittings, tools and equipment		1,705	1,670
Leasehold improvements		207	347
<b>Property, plant and equipment</b>	10	<b><u>1,912</u></b>	<b><u>2,017</u></b>
<b>Fixed assets</b>		<b><u>16,719</u></b>	<b><u>16,771</u></b>
Raw materials and consumables		102,412	81,992
Work in progress		5,027	4,484
Manufactured goods and goods for resale		51,764	35,240
Prepayments for goods		18,396	13,634
<b>Inventories</b>		<b><u>177,599</u></b>	<b><u>135,350</u></b>
Trade receivables		86,015	75,480
Receivables from group enterprises		2,525	4,555
Deferred tax	11	335	766
Other receivables	12	1,867	658
Prepayments	13	251	114
<b>Receivables</b>		<b><u>90,993</u></b>	<b><u>81,573</u></b>
<b>Cash</b>		<b><u>247</u></b>	<b><u>10,581</u></b>
<b>Current assets</b>		<b><u>268,839</u></b>	<b><u>227,504</u></b>
<b>Assets</b>		<b><u>285,558</u></b>	<b><u>244,275</u></b>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK'000</u>	<u>2016 DKK'000</u>
Contributed capital		125	125
Reserve for development expenditure		1,950	1,059
Retained earnings		19,675	8,815
Proposed dividend		0	19,872
<b>Equity</b>		<b><u>21,750</u></b>	<b><u>29,871</u></b>
Other provisions	14	<u>11,566</u>	<u>14,077</u>
<b>Provisions</b>		<b><u>11,566</u></b>	<b><u>14,077</u></b>
Bank loans		7,257	8,018
Finance lease liabilities		478	792
<b>Non-current liabilities other than provisions</b>	15	<b><u>7,735</u></b>	<b><u>8,810</u></b>
Current portion of long-term liabilities other than provisions	15	1,051	1,080
Bank loans		176,355	120,804
Prepayments received from customers		727	0
Trade payables		25,060	18,906
Payables to group enterprises		23,240	30,885
Income tax payable		3,079	7,662
Other payables		14,995	12,180
<b>Current liabilities other than provisions</b>		<b><u>244,507</u></b>	<b><u>191,517</u></b>
<b>Liabilities other than provisions</b>		<b><u>252,242</u></b>	<b><u>200,327</u></b>
<b>Equity and liabilities</b>		<b><u>285,558</u></b>	<b><u>244,275</u></b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Assets charged and collateral	18		
Related parties with controlling interest	19		
Transactions with related parties	20		
Group relations	21		

## Statement of changes in equity for 2017

	<b>Contributed capital DKK'000</b>	<b>Reserve for development expenditure DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Proposed dividend DKK'000</b>
Equity beginning of year	125	1,059	8,815	19,872
Ordinary dividend paid	0	0	0	(19,872)
Transfer to reserves	0	891	(891)	0
Profit/loss for the year	0	0	11,751	0
<b>Equity end of year</b>	<b>125</b>	<b>1,950</b>	<b>19,675</b>	<b>0</b>
				<b>Total DKK'000</b>
Equity beginning of year				29,871
Ordinary dividend paid				(19,872)
Transfer to reserves				0
Profit/loss for the year				11,751
<b>Equity end of year</b>				<b>21,750</b>

## Notes

### 1. Events after the balance sheet date

No event have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>2. Revenue</b>		
<b>Revenue by geographical market</b>		
EU	628,663	575,071
Other world	68,076	51,702
	<b>696,739</b>	<b>626,773</b>
<b>Revenue by activity</b>		
Human	696,686	626,672
Veterinary	53	101
	<b>696,739</b>	<b>626,773</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>3. Staff costs</b>		
Wages and salaries	45,392	35,762
Pension costs	1,330	1,301
Other social security costs	504	391
Other staff costs	1,826	1,124
	<b>49,052</b>	<b>38,578</b>
Average number of employees	<b>64</b>	<b>61</b>

According to the Danish Financial Statements Act § 98B paragraph 3, the remuneration of Directors are not provided. During 2017 only one Executive Board member was registered. Only the CEO was remunerated in 2017 – not the Board of directors.

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>4. Depreciation, amortisation and impairment losses</b>		
Amortisation of intangible assets	8,464	8,290
Impairment losses on intangible assets	0	3,342
Depreciation of property, plant and equipment	917	839
Profit/loss from sale of intangible assets and property, plant and equipment	455	(98)
	<b>9,836</b>	<b>12,373</b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>5. Other financial income</b>		
Financial income arising from group enterprises	243	151
Other interest income	0	9
Exchange rate adjustments	1,053	0
	<b>1,296</b>	<b>160</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>6. Other financial expenses</b>		
Financial expenses from group enterprises	1,135	1,862
Other interest expenses	2,513	3,113
Exchange rate adjustments	0	975
	<b>3,648</b>	<b>5,950</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>7. Tax on profit/loss for the year</b>		
Current tax	3,079	7,902
Change in deferred tax	431	(1,849)
Adjustment concerning previous years	0	(149)
	<b>3,510</b>	<b>5,904</b>
	<b>2017</b>	<b>2016</b>
	<b>DKK'000</b>	<b>DKK'000</b>
<b>8. Proposed distribution of profit/loss</b>		
Ordinary dividend for the financial year	0	19,872
Retained earnings	11,751	851
	<b>11,751</b>	<b>20,723</b>



## Notes

	<b>Completed develop- ment projects DKK'000</b>	<b>Acquired licences DKK'000</b>	<b>Develop- ment projects in progress DKK'000</b>
<b>9. Intangible assets</b>			
Cost beginning of year	5,911	39,020	2,790
Transfers	3,960	0	(3,960)
Additions	411	7,171	1,724
Disposals	(99)	(1,340)	(173)
<b>Cost end of year</b>	<b>10,183</b>	<b>44,851</b>	<b>381</b>
Amortisation and impairment losses beginning of year	(4,678)	(28,289)	0
Amortisation for the year	(1,426)	(7,038)	0
Reversal regarding disposals	0	823	0
<b>Amortisation and impairment losses end of year</b>	<b>(6,104)</b>	<b>(34,504)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>4,079</b>	<b>10,347</b>	<b>381</b>

### Development projects

#### Development projects in progress

Development projects in progress comprise development and registration of generic pharmaceutical products. Costs essentially consist of external costs to business partners. Costs are registered in an internal project tool. The individual pharmaceutical product will be finished in the years 2018-2021. Afterwards, sales will start up. Overall, the products are expected to contribute with significant competitive advantages and therefore a increase in activity level and result from 2018.

The management has completed impairment test of the current book value of the assets. The recoverable amount, value in-use, for the remaining assets, exceeds the book value. Value in-use is calculated from expected cashflows based on management approved budgets through 2018-2021.

#### Completed development projects

Completed development projects include development and registration of pharmaceutical products for humans. Each product has a 3 year depreciation period starting from when the product is launched in the market. The management has not established any indication for impairment of the current book value of the assets.

## Notes

	<b>Other fixtures and fittings, tools and equipment DKK'000</b>	<b>Leasehold improve- ments DKK'000</b>
<b>10. Property, plant and equipment</b>		
Cost beginning of year	5,134	2,576
Additions	818	0
Disposals	(230)	0
<b>Cost end of year</b>	<b>5,722</b>	<b>2,576</b>
Depreciation and impairment losses beginning of year	(3,464)	(2,229)
Depreciation for the year	(777)	(140)
Reversal regarding disposals	224	0
<b>Depreciation and impairment losses end of year</b>	<b>(4,017)</b>	<b>(2,369)</b>
<b>Carrying amount end of year</b>	<b>1,705</b>	<b>207</b>
Recognised assets not owned by entity	722	-
		<b>2017 DKK'000</b>
<b>11. Deferred tax</b>		
<b>Changes during the year</b>		
Beginning of year		766
Recognised in the income statement		(431)
<b>End of year</b>		<b>335</b>

Deferred tax primarily comprise on inventories, intangible and tangible assets and other provisions.

### 12. Other receivables

The company has entered currency forward contracts to hedge future cashflow in Swedish and Norwegian kroner, totalling SEK 45.0m and NOK 17.3m for January 2018. Compared to the forward exchange rates the contracts hold a positive value of DKK 1.3m. The hedging does not meet the accounting criterias for hedging and the profit is therefore booked in the income statement under financial income.

### 13. Prepayments

Prepayments consist of prepaid expenses regarding operational leasing expenses.

## Notes

### 14. Other provisions

The recognized provision amounts to DKK'000 11,566 (2016: DKK'000 14,077) to cover the estimated reimbursement of price reductions to customers, to cover items at customers and profit on goods that probably will be returned according to cooperation agreements. The provision is recognized based on previous experience regarding the extend of these liabilities.

	<b>Due within 12 months 2017 DKK'000</b>	<b>Due within 12 months 2016 DKK'000</b>	<b>Due after more than 12 months 2017 DKK'000</b>	<b>Outstanding after 5 years DKK'000</b>
<b>15. Liabilities other than provisions</b>				
Bank loans	938	1,080	7,257	3,361
Finance lease liabilities	113	0	478	0
	<b>1,051</b>	<b>1,080</b>	<b>7,735</b>	<b>3,361</b>

	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>16. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>657</b>	<b>344</b>

The company has entered into operating leases in the period 2018-2021. DKK'000 298 falls due payment next year.

	<b>2017 DKK'000</b>	<b>2016 DKK'000</b>
<b>17. Contingent liabilities</b>		
Recourse and non-recourse guarantee commitments	1,222	1,167
<b>Contingent liabilities in total</b>	<b>1,222</b>	<b>1,167</b>
Recourse and non-recourse guarantee commitments	1,222	1,167
<b>Contingent liabilities to group enterprises</b>	<b>1,222</b>	<b>1,167</b>

The Entity participates in a Danish joint taxation arrangement in which VJ Investment ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities. The total known net net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## Notes

### 18. Assets charged and collateral

As collateral for bank loans DKK'000 184,550, the company has issued a floating company charge at nominal value DKK'000 98,000 including the following assets, which on the 31st of december 2017 amounts to DKK'000:

Trade receivables	86,015
Inventories	177,599
Fixture and fittings, tools and equipment (excl. finance leasing)	983
Intangible assets	14,807

Certain other fixtures etc have been financed by means of finance leases. The carrying amount of assets held under finance leased is DKK'000 722.

### Collateral provided for group enterprises

As collateral for bank loans in group enterprises, the floating company charge is issued.

The bank loans at 31<sup>st</sup> of December 2017 amounts to DKK'000 399.

### 19. Related parties with controlling interest

VJ Investment ApS, Tømrervej 9, 6710 Esbjerg V, holds the majority of the share capital in the company.

### 20. Transactions with related parties

According to section 98c(7) of the Danish Financial Statements Act, only non-arm's-length related party transactions are disclosed. However, all transactions have been made on arm's length basis in the financial year.

### 21. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
VJ investment ApS, Tømrervej 9, 6710 Esbjerg.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year except for the below mentioned:

### Changes in accounting policies

Capitalized costs and indirect production costs have previously been set off in staff costs and the changes in inventories of finished goods and work in progress have not previously been stated. Both circumstances are now corrected so that capitalized costs and indirect production costs are displayed in cost of sales, and changes in inventories of finished goods and work in progress is inserted.

The comparative figures are adjusted in the annual report. Gross profit for 2016 has increased with DKK'000 14,087, whereas the profit before tax is unchanged.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

## Accounting policies

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

Revenue from the sale of goods is recognised in the income statement when delivery is made and risk has passed to the buyer and if the income can be measured reliably and expected to be received. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed. All discounts granted are recognised in revenue.

#### Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories.

#### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

#### Staff costs

Staff costs comprise salaries and wages, including holiday allowance, as well as social security contributions, pension contributions, etc for entity staff. Refunds received from public authorities are deducted from staff costs.

## Accounting policies

### Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with VJ Investment ApS. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, patents and licenses.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

## Accounting policies

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement., but over no more than 10 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.



## Accounting policies

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

### Other provisions

Other provisions comprise price reductions to customers and profit on goods returned.

Other provisions are recognised, when, as a result of a past event, implies a legal or constructive obligation and it is probable that the obligation will cause an outflow of financial resources.

Other provisions are measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

### Finance lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

## Accounting policies

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed.

### Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### Cash flow statement

Referring to section 86 (4) of the Danish Financial Statements Act, 2care4 ApS has not prepared any cash flow statements, given that there are cash flow statements in the consolidated financial statement of VJ Investement ApS.