VJ Investment ApS

Tømrervej 9, DK-6710 Esbjerg

Annual Report for 1 January - 31 December 2018

CVR No 30 52 68 72

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 8 /5 2019

Frederik Bloch Jørgensen
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of VJ Investment ApS for the financial year 1 January - 31 December 2018.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2018.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Esbjerg, 8 May 2019

Executive Board

Ulrik Ernst Rasmussen CEO	Torben Børsting COO

Board of Directors

Dennis Vad Lauridsen Chairman	Henrik Bisgaard Jensen	Martin Busk Andersen
Toke Værndal		

Independent Auditor's Report

To the Shareholders of VJ Investment ApS

Opinion
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 2018 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of VJ Investment ApS for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows (”the Financial Statements”).

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. 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 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.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in 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 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 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 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.

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 and the Group'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 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the 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.

Esbjerg, 8 May 2019
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Palle H. Jensen	Stefan Dracea
statsautoriseret revisor	statsautoriseret revisor
mne32115	mne42827

Company Information

The Company	VJ Investment ApS Tømrervej 9 DK-6710 Esbjerg CVR No: 30 52 68 72 Financial period: 1 January - 31 December Incorporated: 15 August 2008 Financial year: 11st financial year Municipality of reg. office: Esbjerg
Board of Directors	Dennis Vad Lauridsen, Chairman Henrik Bisgaard Jensen Martin Busk Andersen Toke Værndal
Executive Board	Ulrik Ernst Rasmussen Torben Børsting
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28 DK-6700 Esbjerg

Group Chart

Parent Company

VJ Investment ApS
Denmark
Nom. DKK 125.0000

Consolidated subsidiaries

100% 2care4 ApS,
Esbjerg, Denmark
Nom. DKK 125.000

100% 2care4 Generics ApS,
Esbjerg, Denmark
Nom. DKK 50.000

100% Newco 2015 ApS,
Esbjerg, Denmark
Nom. DKK 50.000

100% Ejendomsselskabet 2care4 ApS,
Esbjerg, Denmark
Nom. DKK 125.000

100% 2care4 GmbH
Heppenheim, Germany
Nom. EUR 25.000

100% 2care4 AB
Nacka Strand, Sweden
Nom. SEK 50.000

100% 2care4 Poland. z o.o.
Pabianice, Poland
Nom. PL 4.600.000

100% 2care4 BV
Groningen, The Netherlands
Nom. EUR 5.000

100% Scandic Pharma Ltd.
Riga, Latvia
Nom. EUR 2.845

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2018	2017	2016	2015	2014
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit/loss					
Revenue	783,286	700,627	634,172	462,799	522,444
Gross profit/loss	106,718	77,781	98,180	64,579	71,682
Operating profit/loss	30,030	11,361	29,273	11,834	20,182
Net financials	-3,944	-1,722	-4,473	-2,862	-3,524
Net profit/loss for the year	20,176	7,265	19,284	6,474	12,571
Balance sheet					
Balance sheet total	379,378	325,393	281,363	217,835	214,438
Equity	86,298	66,412	82,984	64,820	76,843
Cash flows					
Cash flows from:					
- operating activities	33,773	-25,138	-6,870	23,936	20,197
- investing activities	-46,010	-13,554	-23,488	-12,648	-10,725
- financing activities	17,513	-25,152	3,959	748	-12,089
Change in cash and cash equivalents for the year	5,276	-63,844	-26,399	12,036	-2,617
Number of employees	270	224	170	157	129
Ratios					
Gross margin	13.6%	11.1%	15.5%	14.0%	13.7%
Profit margin	3.8%	1.6%	4.6%	2.6%	3.9%
Return on assets	7.9%	3.5%	10.4%	5.4%	9.4%
Solvency ratio	22.7%	20.4%	29.5%	29.8%	35.8%
Return on equity	26.4%	9.7%	26.1%	9.1%	17.4%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

The company's main activity to the develop, import, production, distribution and exportation of medicalproducts and thus naturally related business.

Development in the year

Profit for the year after tax 2018 amounts to DKKm 20,2 (2017: DKKm 7,3). The profit for the year is considered satisfying, and meet the expectations for 2018. The growth was expected around 20% for 2018, but was only around 10%, still we reached our expectations at profit level due to efficiency actions.

For the financial year 2019 the company expect a growth in activity and profit.

Special risks - operating risks and financial risks

General risk

When launching new products the group 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 group is exposed to fluctuations in interest rate levels and foreign exchange rates.

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

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

Research and development

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

Management's Review

Statement on gender composition

Diversity target for the Board of Directors

VJ Investment has set at target of 20% women on the Board of Directors no later than in 2020. Status at the end of 2018 is zero due to that the general assembly in 2018 did not require changes to the Board, which consist of 4 men.

VJ Investment has obtained a gendersplit of 46% women and 54% men on other management levels and have thereby obtained equal representation.

Subsequent events

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

Business model

The business model of VJ Investment include the development, production, import, export and distribution of medical products and equipment and business related to that. The main activity relates to parallel import of medical products purchased throughout Europe, which are then sold in the Scandinavian market under strict surveillance by relevant authorities. The company is represented in the Scandinavian countries and in Poland and currently employ over 275 people where approximately 100 work out of the headquarters in Esbjerg, Denmark.

VJ Investment only trade medical products approved for sale locally by European authorities allowing for purchasing the products in one country, relabeling the products to contain Scandinavian instructions for use before selling to pharmacies and hospitals in Denmark, Norway and Sweden in compliance with the detailed legislation for the type of business.

VJ Investment comply with all relevant legislation related to Corporate Social Responsibility, and generally strives to minimize the negative impacts of the Company's activities as much as possible.

Risk analysis

Risk is defined as the potential negative effect that can be experienced by the business or any of VJ Investment's stakeholders. Risk is seen as a combination between impact and likelihood of any given subject. VJ Investment's potential risk of influencing social and employee conditions, human rights and anti-corruption is estimated to be limited, mainly due to the strictly regulated business environment the company operates in.

When purchasing medical products, VJ Investment buy from wholesalers. There is no contact with the original producer as such leading to that VJ Investment has no influence on the production phase at all. Further, the trade is highly regulated, which is why the Company do not consider to have risks related to environment, climate change, anti-corruption or human rights.

Management's Review

Attracting and maintaining the right employees remains a vital issue to VJ Investment.

Due to the nature of the traded products and the fact that authorities have defined very detailed regulation around the activities and business processes, VJ Investment has not identified risks towards corruption and bribery.

Reasons for not having policies regarding social and employee conditions, anti-corruption, human rights, environmental issues and climate change

The energy consumption and general environmental footprint from VJ Investment's own activities are very limited and has insignificant impact on the surrounding environment. Since the medical products are purchased as commodities, VJ Investment has no opportunity to assess and evaluate impacts on human rights of employees in the supply chain, nor does the Company experience any risks related to human rights.

VJ Investment has a zero tolerance towards corruption, and when marketing products towards pharmacies in Scandinavia, the guidelines of ENLI (Etisk Nævn for Lægemiddel Industrien) are applied and complied with in detail. Given the limited risk and given the highly regulated marked 2care4 operates in, the Company has decided not to be in need of a formalized policy on anti-corruption.

The growth of the company rely on competent employees; however, since the company has a flat management profile and only 275 employees, VJ Investment has not yet felt the need to author a policy to mitigate the risk of not having the right employees.

Income Statement 1 January - 31 December

	Note	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
		DKK '000	DKK '000	DKK '000	DKK '000
Revenue	1	**783,286**	**700,627**	**0**	**0**
Change in inventories of finished goods, work in progress and goods for resale		18,081	17,067	0	0
Expenses for raw materials and consumables		-652,080	-607,246	0	0
Other external expenses		-42,569	-32,667	-229	-278
Gross profit/loss		**106,718**	**77,781**	**-229**	**-278**
Staff expenses	3	-62,987	-54,275	-492	-464
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	4	-13,701	-12,145	0	0
Profit/loss before financial income and expenses		**30,030**	**11,361**	**-721**	**-742**
Income from investments in subsidiaries		0	0	20,019	7,001
Financial income		293	1,053	941	1,113
Financial expenses		-4,237	-2,775	-16	-30
Profit/loss before tax		**26,086**	**9,639**	**20,223**	**7,342**
Tax on profit/loss for the year	5	-5,910	-2,374	-47	-77
Net profit/loss for the year		**20,176**	**7,265**	**20,176**	**7,265**

Balance Sheet 31 December

Assets

		Group		Parent Company	
	Note	2018	2017	2018	2017
		DKK '000	DKK '000	DKK '000	DKK '000
Completed development projects		6,452	4,081	0	0
Acquired licenses		13,321	10,798	0	0
Development projects in progress		9,096	8,882	0	0
Intangible assets	7	**28,869**	**23,761**	**0**	**0**
Land and buildings		39,795	18,665	0	0
Other fixtures and fittings, tools and equipment		4,737	4,183	0	0
Leasehold improvements		180	2	0	0
Property, plant and equipment in progress		1,190	280	0	0
Prepayments for property, plant and equipment		1,427	0	0	0
Property, plant and equipment	8	**47,329**	**23,130**	**0**	**0**
Investments in subsidiaries	9	0	0	56,902	35,019
Other receivables	11	45	42	0	0
Fixed asset investments		**45**	**42**	**56,902**	**35,019**
Fixed assets		**76,243**	**46,933**	**56,902**	**35,019**
Inventories	12	**193,313**	**180,736**	**0**	**0**

Balance Sheet 31 December *(continued)*

Assets

		Group		Parent Company	
	Note	2018	2017	2018	2017
		DKK '000	DKK '000	DKK '000	DKK '000
Trade receivables		96,977	90,336	0	0
Receivables from group enterprises		0	0	26,656	30,893
Other receivables	10	2,928	2,588	0	0
Deferred tax asset	14	107	0	0	1,034
Corporation tax		4,013	471	0	19
Corporation tax receivable from group enterprises		0	0	6,467	3,313
Prepayments		1,847	473	98	97
Receivables		**105,872**	**93,868**	**33,221**	**35,356**
Cash at bank and in hand		**3,950**	**3,856**	**24**	**2,625**
Currents assets		**303,135**	**278,460**	**33,245**	**37,981**
Assets		**379,378**	**325,393**	**90,147**	**73,000**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
		DKK '000	DKK '000	DKK '000	DKK '000
Share capital		125	125	125	125
Reserve for net revaluation under the equity method		0	0	34,049	15,167
Reserve for development costs		10,599	8,582	0	0
Retained earnings		63,574	57,705	40,124	51,120
Proposed dividend for the year		12,000	0	12,000	0
Equity	13	**86,298**	**66,412**	**86,298**	**66,412**
Provision for deferred tax	14	3,986	510	0	0
Other provisions	15	6,150	16,266	0	4,700
Provisions		**10,136**	**16,776**	**0**	**4,700**
Mortgage loans		25,595	8,456	0	0
Credit institutions		6,282	7,257	0	0
Lease obligations		748	978	0	0
Trade payables		811	0	0	0
Other payables		4,405	0	0	0
Long-term debt	16	**37,841**	**16,691**	**0**	**0**

Balance Sheet 31 December *(continued)*

Liabilities and equity

		Group		Parent Company	
	Note	2018	2017	2018	2017
		DKK '000	DKK '000	DKK '000	DKK '000
Mortgage loans	16	1,563	0	0	0
Credit institutions	16	173,534	178,686	0	0
Lease obligations	16	183	198	0	0
Trade payables	16	45,331	25,934	0	0
Payables to group enterprises		0	0	3,754	0
Payables to group enterprises relating to corporation tax		0	0	0	1,868
Other payables	16	24,492	19,969	95	20
Deferred income		0	727	0	0
Short-term debt		**245,103**	**225,514**	**3,849**	**1,888**
Debt		**282,944**	**242,205**	**3,849**	**1,888**
Liabilities and equity		**379,378**	**325,393**	**90,147**	**73,000**

Fee to auditors appointed at the general meeting	2
Contingent assets, liabilities and other financial obligations	19
Related parties	20
Accounting Policies	21
Distribution of profit	6

Statement of Changes in Equity

Group

	Share capital	Reserve for net revalua-tion under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January	125	0	8,582	57,705	0	66,412
Exchange adjustments relating to foreign entities	0	0	0	-290	0	-290
Development costs for the year	0	0	4,230	-4,230	0	0
Depreciation, amortisation and impairment for the year	0	0	-2,213	2,213	0	0
Net profit/loss for the year	0	0	0	8,176	12,000	20,176
Equity at 31 December	**125**	**0**	**10,599**	**63,574**	**12,000**	**86,298**

Parent Company

	Share capital	Reserve for net revalua-tion under the equity method	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January	125	15,167	0	51,120	0	66,412
Exchange adjustments relating to foreign entities	0	0	0	-290	0	-290
Net profit/loss for the year	0	18,882	0	-10,706	12,000	20,176
Equity at 31 December	**125**	**34,049**	**0**	**40,124**	**12,000**	**86,298**

Cash Flow Statement 1 January - 31 December

	Note	Group 2018	Group 2017
		DKK '000	DKK '000
Net profit/loss for the year		20,176	7,265
Adjustments	17	23,555	16,241
Change in working capital	18	-2,927	-46,129
Cash flows from operating activities before financial income and expenses		**40,804**	**-22,623**
Financial income		294	1,053
Financial expenses		-4,242	-2,775
Cash flows from ordinary activities		**36,856**	**-24,345**
Corporation tax paid		-3,083	-793
Cash flows from operating activities		**33,773**	**-25,138**
Purchase of intangible assets		-16,016	-12,698
Purchase of property, plant and equipment		-26,992	-15,594
Fixed asset investments made etc		-2	13,692
Sale of intangible assets		0	1,386
Sale of property, plant and equipment		0	125
Other adjustments		-3,000	-465
Cash flows from investing activities		**-46,010**	**-13,554**
Repayment of mortgage loans		18,702	0
Repayment of loans from credit institutions		-945	-903
Reduction of lease obligations		-244	-249
Dividend paid		0	-24,000
Cash flows from financing activities		**17,513**	**-25,152**

Cash Flow Statement 1 January - 31 December

	Note	2018	2017
		DKK '000	DKK '000
Change in cash and cash equivalents		**5,276**	**-63,844**
Cash and cash equivalents at 1 January		-173,892	-110,017
Exchange adjustment of current asset investments		0	-31
Cash and cash equivalents at 31 December		**-168,616**	**-173,892**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		3,950	3,856
Overdraft facility		-172,566	-177,748
Cash and cash equivalents at 31 December		**-168,616**	**-173,892**

Notes to the Financial Statements

	Group		Parent Company	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000
1 Revenue				
Geographical segments				
EU	708,728	632,551	0	0
Other world	74,558	68,076	0	0
	783,286	**700,627**	**0**	**0**
Revenue by activity				
Human	783,286	700,574	0	0
Veterinary	0	53	0	0
	783,286	**700,627**	**0**	**0**

2 Fee to auditors appointed at the general meeting

	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
PricewaterhouseCoopers				
Audit fee	127	0	15	0
Other services	75	0	20	0
	202	**0**	**35**	**0**
Deloitte				
Audit fee	0	132	0	15
Tax advisory services	0	32	0	0
Other services	0	280	0	20
	0	**444**	**0**	**35**
	202	**444**	**35**	**35**

Notes to the Financial Statements

	Group		Parent Company	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000
3 Staff expenses				
Wages and salaries	53,361	45,248	492	449
Pensions	3,360	2,998	0	0
Other social security expenses	4,697	3,830	0	15
Other staff expenses	1,569	2,199	0	0
	62,987	**54,275**	**492**	**464**
Including remuneration to the Executive Board	**2,180**	**2,042**	**0**	**0**
Average number of employees	**270**	**224**	**0**	**0**

	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
4 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Amortisation of intangible assets	10,904	8,640	0	0
Depreciation of property, plant and equipment	2,405	2,348	0	0
Gain and loss on disposal	392	1,157	0	0
	13,701	**12,145**	**0**	**0**
5 Tax on profit/loss for the year				
Current tax for the year	2,544	1,778	-987	100
Deferred tax for the year	3,366	554	1,034	-22
Adjustment of tax concerning previous years	0	42	0	-1
	5,910	**2,374**	**47**	**77**

Notes to the Financial Statements

	Group		Parent Company	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000

6 Distribution of profit

	2018	2017	2018	2017
Proposed dividend for the year	12,000	0	12,000	0
Reserve for net revaluation under the equity method	0	0	18,882	-13,721
Retained earnings	8,176	7,265	-10,706	20,986
	20,176	**7,265**	**20,176**	**7,265**

7 Intangible assets

Group

	Completed development projects	Acquired licenses	Development projects in progress
	DKK '000	DKK '000	DKK '000
Cost at 1 January	10,186	45,538	8,882
Exchange adjustment	0	-2	0
Additions for the year	715	10,391	5,297
Disposals for the year	0	-9,195	-590
Transfers for the year	4,493	0	-4,493
Cost at 31 December	15,394	46,732	9,096
Impairment losses and amortisation at 1 January	6,105	34,739	0
Amortisation for the year	2,837	7,771	0
Reversal of amortisation of disposals for the year	0	-9,099	0
Impairment losses and amortisation at 31 December	8,942	33,411	0
Carrying amount at 31 December	**6,452**	**13,321**	**9,096**

Notes to the Financial Statements

7 Intangible assets (continued)

Group

	Completed development projects	Acquired licenses	Development projects in progress
	DKK '000	DKK '000	DKK '000
Amortised over	3 years	3 years	

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 registrated in an internal project tool. The individual pharmaceutical product will be finished in the years 2019-2022. Afterwards, sales will start up. Overall, the products are expected to contribute with significant competitive advantages and therefor a increase in activity level and result from 2019.

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 2019-2022.

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 products is launched in the market. The management has not established any indications for impairment of the current book value ofthe assets.

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress	Prepayments for property, plant and equipment
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January	22,418	9,901	2,584	280	0
Exchange adjustment	-212	-72	0	-15	-2
Additions for the year	22,310	2,410	86	925	1,429
Disposals for the year	0	-999	-8	0	0
Cost at 31 December	44,516	11,240	2,662	1,190	1,427
Impairment losses and depreciation at 1 January	3,959	5,720	2,375	0	0
Exchange adjustment	-21	-32	0	0	0
Depreciation for the year	783	1,811	113	0	0
Impairment and depreciation of sold assets for the year	0	-3	0	0	0
Reversal of impairment and depreciation of sold assets	0	-993	-6	0	0
Impairment losses and depreciation at 31 December	4,721	6,503	2,482	0	0
Carrying amount at 31 December	**39,795**	**4,737**	**180**	**1,190**	**1,427**
Depreciated over	25 years	3-5 years	3-10 years		
Including assets under finance leases amounting to	0	1,226	0	0	0

Notes to the Financial Statements

		Parent Company	
		2018	2017
		DKK '000	DKK '000
9	**Investments in subsidiaries**		
	Cost at 1 January	19,854	19,852
	Additions for the year	3,000	0
	Cost at 31 December	22,854	19,852
	Value adjustments at 1 January	15,167	28,725
	Exchange adjustment	-290	163
	Net profit/loss for the year	20,019	7,001
	Dividend to the Parent Company	-848	-20,722
	Value adjustments at 31 December	34,048	15,167
	Carrying amount at 31 December	**56,902**	**35,019**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
2care4 ApS	Esbjerg	DKK 125	100%	42,835	21,083
2care4 Generics ApS	Esbjerg	DKK 125	100%	434	-2,897
Ejendomsselskabet 2care4 ApS	Esbjerg	DKK 125	100%	1,751	751
Newco 2015 ApS	Esbjerg	DKK 125	100%	34	-5
2care4 AB	Nacka Strand,Sweden	SEK 50	100%	3,077	116
2care4 GmbH	Heppenheim,Germany	EUR 25	100%	2,547	-674
Scandic Pharma, LTD	Riga, Latvia		100%	0	0
2care4 Poland. z o.o.	Pabianice, Poland	PLN 4.600	100%	6,307	1,737
2care4 BV	Groningen, The Netherlands	EUR 5	100%	-83	-92
				56,902	20,019

Notes to the Financial Statements

10 Other receivables

The group has entered currency forward contracts to hedge future cashflow in Swedish and Norwegian kroner, totalling SEK 19,9 million and NOK 7,6 million for January 2018. Compared to the forward exchange rates the contracts hold a positive value of DKK 0,2 million. The hedging does not meet the accounting criterias for hedging, and the profit is therefore booked in the income statement under financial income.

11 Other fixed asset investments

	Group
	Other receivables
	DKK '000
Cost at 1 January	42
Exchange adjustment	-2
Additions for the year	5
Cost at 31 December	45
Carrying amount at 31 December	**45**

12 Inventories

	Group		**Parent Company**	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000
Raw materials and consumables	102,488	102,430	0	0
Work in progress	7,427	5,027	0	0
Finished goods and goods for resale	51,216	54,762	0	0
Prepayments for goods	32,182	18,517	0	0
	193,313	**180,736**	**0**	**0**

Notes to the Financial Statements

13 Equity

The share capital consists of 125,000 shares of a nominal value of DKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

14 Provision for deferred tax

	Group		Parent Company	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000
Provision for deferred tax at 1 January	513	-44	-1,034	-1,012
Amounts recognised in the income statement for the year	3,366	554	1,034	-22
Provision for deferred tax at 31 December	**3,879**	**510**	**0**	**-1,034**

15 Other provisions

The recognized provision amounts to kDKK 6,150 (2017: kDKK 16,266) to cover the estimated reimbursement of price reductions to customers and 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.

	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Reimbursement of price reductions	6,150	11,566	0	0
Guarantee costs	0	4,700	0	4,700
	6,150	**16,266**	**0**	**4,700**

Notes to the Financial Statements

16 Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent Company	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000
Mortgage loans				
After 5 years	19,331	6,253	0	0
Between 1 and 5 years	6,264	2,203	0	0
Long-term part	25,595	8,456	0	0
Within 1 year	1,563	0	0	0
	27,158	**8,456**	**0**	**0**
Credit institutions				
After 5 years	0	3,361	0	0
Between 1 and 5 years	6,282	3,896	0	0
Long-term part	6,282	7,257	0	0
Within 1 year	968	938	0	0
Other short-term debt to credit institutions	172,566	177,748	0	0
Short-term part	173,534	178,686	0	0
	179,816	**185,943**	**0**	**0**
Lease obligations				
Between 1 and 5 years	748	978	0	0
Long-term part	748	978	0	0
Within 1 year	183	198	0	0
	931	**1,176**	**0**	**0**
Trade payables				
Between 1 and 5 years	811	0	0	0
Long-term part	811	0	0	0
Other short-tem trade payables	45,331	25,934	0	0
	46,142	**25,934**	**0**	**0**

Notes to the Financial Statements

16 Long-term debt (continued)

	Group		Parent Company	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000
Other payables				
Between 1 and 5 years	4,405	0	0	0
Long-term part	4,405	0	0	0
Other short-term payables	24,492	19,969	95	20
	28,897	**19,969**	**95**	**20**

17 Cash flow statement - adjustments

	Group	
	2018	2017
	DKK '000	DKK '000
Financial income	-293	-1,053
Financial expenses	4,237	2,775
Depreciation, amortisation and impairment losses, including losses and gains on sales	13,701	12,145
Tax on profit/loss for the year	5,910	2,374
	23,555	**16,241**

18 Cash flow statement - change in working capital

Change in inventories	-12,577	-42,680
Change in receivables	-8,355	-9,638
Change in other provisions	-10,116	-2,694
Change in trade payables, etc	28,121	8,883
	-2,927	**-46,129**

Notes to the Financial Statements

	Group		Parent Company	
	2018	2017	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000

19 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Mortgage debt is secured by way of mortgage on properties.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of kDKK 1,500 nominal. The carrying amount of mortgaged properties is kDKK 27,158.

The following assets have been placed as security with bankers:

As collateral for bank loans kDKK 179,816, the group has issued a floating company charge at nominal value kDKK 98,000 including the following assets, which on the 31st of December 2018 amounts to kDKK:

	Group 2018	Group 2017	Parent Company 2018	Parent Company 2017
Trade receiveables	89,930	86,015	0	0
Inventories	189,879	177,599	0	0
Fixture and fittings, tools and equipment (excl. finance leasing)	985	983	0	0
Intangible assets	28,452	14,807	0	0

Certain other fixtures etc have been financed by means of finance leases. The carrying amount of assets held under finance leases is kDKK 1,226.

Notes to the Financial Statements

19 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to kDKK 0. Moreover, the 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.

The parent company has provided the share capital in 2care4 ApS, Ejendomsselskabet 2care4 ApS and 2care4 Generics ApS as collateral for balances with bank institutions of the parent company as well as payment guarantee. The guarantee comprisess net bank debt at the end of 31st of December 2018 and amounts to kDKK 178,306.

The parent company has guaranteed balances with bank institutions for subsidiaries. The guarantee comprises net bank debt at the end of 31st of December 2018 and amounts to kDKK 178,306.

Notes to the Financial Statements

20 Related parties

	Basis
Controlling interest	
TV Holding ApS	Esbjerg
Højfeldt Holding ApS	Esbjerg
Other related parties	
2care4 ApS	Esbjerg
Ejendomsselskabet 2care4 ApS	Esbjerg
2care4 AB	Nacka Strand,Sweden
2care4 Generics ApS	Esbjerg
Newco 2015 ApS	Esbjerg
2care4 GmbH	Heppenheim,Germany
Scandic Pharma, LTD	Riga, Latvia
2care4 Poland z.o.o.	Pabianice, Poland
2care4 BV	Groningen, TheNetherlands

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm’s length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of VJ Investment ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2018 are presented in kDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, VJ Investment ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Compa-

Notes to the Financial Statements

21 Accounting Policies (continued)

ny's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

21 Accounting Policies (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

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 the 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 the fair value are recognised currently in the income statement as financial income or financial exspenses.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

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.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Notes to the Financial Statements

21 Accounting Policies (continued)

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the onaccount taxation scheme.

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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

21 Accounting Policies (continued)

Balance Sheet

Intangible assets

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.

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 amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	25	years
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	3-10	years

Notes to the Financial Statements

21 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,500 are expensed in the year of acquisition.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item"Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

21 Accounting Policies (continued)

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of . Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and 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.

Notes to the Financial Statements

21 Accounting Policies (continued)

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Overdraft facilities”.

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$