Qmed Consulting A/S

Ørnevej 2, 1. th., 4600 Køge, Denmark

CVR no. 30 56 42 78

Annual report
for the year 1 January - 31 December 2017

Approved at the Company's annual general meeting on 28/5-2018

Chairman:

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Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Qmed Consulting A/S for the financial year 1 January - 31 December 2017.

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

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

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Køge, 14 May 2018
Executive Board:

Helene Quie Hansen

Board of Directors:

Agnes Friese Skov Chairman	Charlotte Bruun Piester Vice Chairman	Mikael Møller

Independent auditor's report

To the shareholder of Qmed Consulting A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Qmed Consulting A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2017, and of the results of the Group's and Parent Company's operations for the financial year 1 January - 31 December 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 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 consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the 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:

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Independent auditor's report

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

Copenhagen, 14 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Jensen
State Authorised Public Accountant
MNE no.: mne33246

Management's review

Company details

Name	Qmed Consulting A/S
Address, Postal code, City	Ørnevej 2, 1. th., 4600 Køge, Denmark
CVR no.	30 56 42 78
Established	10 June 2008
Registered office	Køge
Financial year	1 January - 31 December
Website	http://www.qmed-consulting.com/
E-mail	info@qmed-consulting.com
Board of Directors	Agnes Friese Skov, Chairman Charlotte Bruun Piester, Vice Chairman Mikael Møller
Executive Board	Helene Quie Hansen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Osvald Helmuths Vej 4, P.O. Box 250, 2000 Frederiksberg, Denmark

Management commentary

Business review

The Group and the Company offer strategic consulting services based on best-in-class knowledge, experience and competences from a result-oriented and highly motivated team of international medical device strategic advisors, CRO specialists and commercial healthcare experts.

Financial review

The income statement for 2017 shows a profit of DKK 210,402 against a profit of DKK 1,160,419 last year, and the group's balance sheet at 31 December 2017 shows equity of DKK 3,091,474.

During 2017 Qmed changed the organisation in order to position itself for further growth. This is reflected in a significant raise in Gross Turnover, but profit didn't follow as the change caused inefficiency and extra costs.

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

		Group		Parent company	
Note	DKK	2017	2016	2017	2016
	Gross margin	13,172,641	10,020,685	10,900,965	9,535,913
2	Staff costs	-12,825,586	-8,488,250	-10,667,419	-8,038,457
	Depreciation on leasehold improvements	-22,853	-15,386	-22,853	-15,386
	Profit before net financials	324,202	1,517,049	210,693	1,482,070
	Income from investments in group entities	0	0	85,709	27,284
	Financial income	15,536	6,610	15,536	6,610
3	Financial expenses	-64,605	-32,697	-61,263	-32,697
	Profit before tax	275,133	1,490,962	250,675	1,483,267
4	Tax for the year	-64,731	-330,543	-40,273	-322,848
	Profit for the year	210,402	1,160,419	210,402	1,160,419

	Recommended appropriation of profit		
	Net revaluation reserve according to the equity method	85,709	27,284
	Retained earnings	124,693	1,133,135
		210,402	1,160,419

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK	Group 2017	Group 2016	Parent company 2017	Parent company 2016
	ASSETS				
	Fixed assets				
5	Property, plant and equipment				
	Other fixtures and fittings, tools and equipment	44,693	0	44,693	0
	Leasehold improvements	6,889	16,572	6,889	16,572
		51,582	16,572	51,582	16,572
6	Investments				
	Investments in group entities, net asset value	0	0	212,993	127,284
	Deposits, investments	139,963	136,550	139,963	136,550
		139,963	136,550	352,956	263,834
	Total fixed assets	191,545	153,122	404,538	280,406
	Non-fixed assets				
	Receivables				
	Trade receivables	4,666,209	2,835,409	4,666,209	2,835,409
	Deferred tax assets	0	44,224	0	44,224
	Income taxes receivable	0	0	22,203	0
	Other receivables	0	18,733	0	18,733
	Prepayments	454,335	7,932	454,335	7,932
		5,120,544	2,906,298	5,142,747	2,906,298
	Cash	1,586,809	2,775,384	1,491,230	2,675,384
	Total non-fixed assets	6,707,353	5,681,682	6,633,977	5,581,682
	TOTAL ASSETS	6,898,898	5,834,804	7,038,515	5,862,088

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK	2017	2016	2017	2016
	EQUITY AND LIABILITIES				
	Equity				
7	Share capital	1,000,000	1,000,000	1,000,000	1,000,000
	Net revaluation reserve according to the equity method	0	0	112,993	27,284
	Retained earnings	2,091,474	1,881,072	1,978,481	1,853,788
	Total equity	3,091,474	2,881,072	3,091,474	2,881,072
	Provisions				
	Deferred tax	18,252	0	18,252	0
	Total provisions	18,252	0	18,252	0
	Liabilities other than provisions				
	Current liabilities other than provisions				
	Bank debt	68,439	34,056	68,439	34,056
	Trade payables	920,912	511,641	915,912	501,641
	Payables to group entities	835,738	905,314	1,284,071	950,293
	Income taxes payable	2,253	333,187	0	325,492
	Other payables	1,438,515	1,155,207	1,137,052	1,155,207
	Deferred income	523,315	14,327	523,315	14,327
		3,789,172	2,953,732	3,928,789	2,981,016
	Total liabilities other than provisions	3,789,172	2,953,732	3,928,789	2,981,016
	TOTAL EQUITY AND LIABILITIES	6,898,898	5,834,804	7,038,515	5,862,088

1 Accounting policies
8 Contractual obligations and contingencies, etc.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

DKK	Group Share capital	 Retained earnings	 Total
Equity at 1 January 2017	1,000,000	1,881,072	2,881,072
Transfer through appropriation of profit	0	210,402	210,402
Equity at 31 December 2017	1,000,000	2,091,474	3,091,474

DKK	Parent company Share capital	 Net revaluation reserve according to the equity method	 Retained earnings	 Total
Equity at 1 January 2017	1,000,000	27,284	1,853,788	2,881,072
Transfer through appropriation of profit	0	85,709	124,693	210,402
Equity at 31 December 2017	1,000,000	112,993	1,978,481	3,091,474

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Qmed Consulting A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies applied by the Company are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full.

Foreign currency translation

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

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Income statement

Revenue

Income from the rendering of services is recognised as revenue as the services are rendered, implying that revenue corresponds to the market value of the services rendered in the year (production method).

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

Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue' and 'Other external expenses' are consolidated into one item designated 'Gross margin'.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Depreciation

The item comprises depreciation of leasehold improvements.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

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

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income from investments in subsidiaries

The item includes the Company's proportionate share of the profit or loss for the year in subsidiaries after elimination of intra-group income or losses and net of amortisation and impairment of goodwill and other excess values at the time of acquisition.

Shares of profit/loss after tax in associates are recognised in the consolidated income statement after elimination of a proportionate share of unrealised intra-group gains/losses.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other subsidiaries. The total Danish income tax charge is allocated between profit or loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit or loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. Interest-bearing debt is subsequently measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

		Group		Parent company	
	DKK	2017	2016	2017	2016
2	Staff costs				
	Wages/salaries	11,731,995	7,770,729	9,596,760	7,321,179
	Pensions	741,735	465,507	741,735	465,507
	Other social security costs	83,646	71,487	83,646	71,487
	Other staff costs	268,210	180,527	245,278	180,284
		12,825,586	8,488,250	10,667,419	8,038,457
	Average number of full-time employees	19	13	16	12
3	Financial expenses				
	Interest expenses, group entities	0	0	9,287	4,867
	Other financial expenses	64,605	32,697	51,976	27,830
		64,605	32,697	61,263	32,697
4	Tax for the year				
	Estimated tax charge for the year	2,255	333,187	-22,203	325,492
	Deferred tax adjustments in the year	62,476	-2,644	62,476	-2,644
		64,731	330,543	40,273	322,848

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

5 Property, plant and equipment

	Parent company		
DKK	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2017	0	76,931	76,931
Additions in the year	51,472	6,391	57,863
Cost at 31 December 2017	51,472	83,322	134,794
Impairment losses and depreciation at 1 January 2017	0	60,359	60,359
Depreciation in the year	6,779	16,074	22,853
Impairment losses and depreciation at 31 December 2017	6,779	76,433	83,212
Carrying amount at 31 December 2017	44,693	6,889	51,582

6 Investments

	Parent company		
DKK	Investments in group entities, net asset value	Deposits, investments	Total
Cost at 1 January 2017	100,000	136,550	236,550
Additions in the year	0	3,413	3,413
Cost at 31 December 2017	100,000	139,963	239,963
Value adjustments at 1 January 2017	27,284	0	27,284
Share of the profit for the year	85,709	0	85,709
Value adjustments at 31 December 2017	112,993	0	112,993
Carrying amount at 31 December 2017	212,993	139,963	352,956

Parent company

Name	Legal form	Domicile	Interest	Equity DKK	Profit/loss DKK
Subsidiaries					
Qmed Consulting Team	ApS	Køge	100.00%	212,993	85,709

7 Share capital

Analysis of changes in the share capital over the past 5 years:

DKK	2017	2016	2015	2014	2013
Opening balance	1,000,000	125,000	125,000	125,000	125,000
Capital increase	0	875,000	0	0	0
	1,000,000	1,000,000	125,000	125,000	125,000

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

8 Contractual obligations and contingencies, etc.

Other financial obligations

Group

Rent and lease liabilities include a rent obligation totalling DKK 283 thousand in interminable rent agreements with remaining contract terms of 12 months. Furthermore, the Company has liabilities under operating leases for furniture and IT equipment, totalling DKK 379 thousand, with remaining contract terms of 1-24 months.

Parent company

Qmed Consulting A/S and its subsidiary are jointly taxed with their parent, HMHansen Holding ApS, which acts as management company, and are jointly taxed for payment of income taxes for the income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 1 July 2012.

Rent and lease liabilities include a rent obligation totalling DKK 283 thousand in interminable rent agreements with remaining contract terms of 12 months. Furthermore, the Company has liabilities under operating leases for furniture and IT equipment, totalling DKK 379 thousand, with remaining contract terms of 1-24 months.