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 2016

Approved at the annual general meeting of shareholders on 31 May 2017

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 2016.

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 2016 and of the results of the Group's and the Company's operations for the financial year 1 January - 31 December 2016.

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, 31 May 2017
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 2016, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for both 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 2016, and of the results of the Group and parent Company's operations for the financial year 1 January - 31 December 2016 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" 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 rules and 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 consolidated financial statements and the parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company 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 skepticism throughout the audit. We also:

Independent auditor's report

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company 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 consolidated financial statements and the Parent Company 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 consolidated financial statements and the Parent Company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusion is 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 consolidated financial statements and the parent company financial statements, including the note disclosures, and whether the consolidated financial statements and the parent company 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.

Independent auditor's report

Statement on Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 31 May 2017
Ernst & Young
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Jensen
State Authorised Public Accountant

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 2016 shows a profit of DKK 1,160,427 against DKK 963,513 last year, and the group's balance sheet at 31 December 2016 shows equity of DKK 2,881,072.

Qmed Consulting Team ApS was founded on 13 May 2016 as a Private Limited Company and are wholly-owned by Qmed Consulting A/S. The subsidiary has been recognised in the consolidated financial statements as of 13 May 2016 and has no effect on the comparative figures.

On 15 September 2016, the general meeting decided to convert the Company from a Private Limited Company to a Public Limited Company, and the nominal share capital of DKK 125,000 was increased by the issuance of bonus shares at par value in the amount of nominal DKK 875,000. As a result, Company's nominal share capital is DKK 1,000,000.

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 for the period 1 January - 31 December

Income statement

Note	DKK	Group 2016	Group 2015	Parent company 2016	Parent company 2015
	Gross margin	10,020,693	8,282,230	9,535,921	8,282,230
2	Staff costs	-8,488,250	-6,982,755	-8,038,457	-6,982,755
	Depreciation on leasehold improvements	-15,386	-15,386	-15,386	-15,386
	Profit before net financials	1,517,057	1,284,089	1,482,078	1,284,089
	Income from investments in group entities	0	0	27,284	0
3	Financial income	6,610	192	6,610	192
4	Financial expenses	-32,697	-10,207	-32,697	-10,207
	Profit before tax	1,490,970	1,274,074	1,483,275	1,274,074
5	Tax for the year	-330,543	-310,561	-322,848	-310,561
	Profit for the year	1,160,427	963,513	1,160,427	963,513
	Recommended appropriation of profit				
	Net revaluation reserve according to the equity method			27,284	0
	Retained earnings			1,133,143	963,513
				1,160,427	963,513

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK	2016	2015	2016	2015
	ASSETS				
	Fixed assets				
6	Property, plant and equipment				
	Leasehold improvements	16,572	31,958	16,572	31,958
		16,572	31,958	16,572	31,958
7	Investments				
	Investments in group entities, net asset value	0	0	127,284	0
		0	0	127,284	0
	Total fixed assets	16,572	31,958	143,856	31,958
	Non-fixed assets				
	Receivables				
	Trade receivables	2,835,409	2,683,342	2,835,409	2,683,342
	Deferred tax assets	44,224	41,580	44,224	41,580
	Other receivables	155,283	128,050	155,283	128,050
	Prepayments	7,932	54,872	7,932	54,872
		3,042,848	2,907,844	3,042,848	2,907,844
	Cash	2,775,384	1,420,715	2,675,384	1,420,715
	Total non-fixed assets	5,818,232	4,328,559	5,718,232	4,328,559
	TOTAL ASSETS	5,834,804	4,360,517	5,862,088	4,360,517

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK	Group 2016	Group 2015	Parent company 2016	Parent company 2015
	EQUITY AND LIABILITIES				
	Equity				
8	Share capital	1,050,000	125,000	1,000,000	125,000
	Share premium account	0	50,000	0	0
	Net revaluation reserve according to the equity method	0	0	27,284	0
	Retained earnings	1,831,072	1,545,645	1,853,788	1,595,645
	Total equity	2,881,072	1,720,645	2,881,072	1,720,645
	Liabilities				
	Current liabilities				
	Bank debt	34,056	43,525	34,056	43,525
	Trade payables	511,641	567,964	501,641	567,964
	Payables to group entities	905,314	846,990	950,293	846,990
	Income taxes payable	333,187	330,635	325,492	330,635
	Other payables	1,155,207	850,758	1,155,207	850,758
	Deferred income	14,327	0	14,327	0
		2,953,732	2,639,872	2,981,016	2,639,872
	Total liabilities other than provisions	2,953,732	2,639,872	2,981,016	2,639,872
	TOTAL EQUITY AND LIABILITIES	5,834,804	4,360,517	5,862,088	4,360,517

1 Accounting policies
9 Contractual obligations and contingencies, etc.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Statement of changes in equity

	Group		
DKK	Share capital	Retained earnings	Total
Equity at 1 January 2015	125,000	632,132	757,132
Transfer through appropriation of profit	0	963,513	963,513
Equity at 1 January 2016	125,000	1,545,645	1,720,645
Capital increase	875,000	-875,000	0
Transfer through appropriation of profit	0	1,160,427	1,160,427
Transferred from share premium account	0	50,000	0
Cash payments concerning formation of enterprise	50,000	-50,000	0
Equity at 31 December 2016	1,050,000	1,831,072	2,881,072

	Parent company			
DKK	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
Equity at 1 January 2015	125,000	0	632,132	757,132
Transfer through appropriation of profit	0	0	963,513	963,513
Equity at 1 January 2016	125,000	0	1,595,645	1,720,645
Capital increase	875,000	0	-875,000	0
Transfer through appropriation of profit	0	27,284	1,133,143	1,160,427
Equity at 31 December 2016	1,000,000	27,284	1,853,788	2,881,072

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Qmed Consulting A/S for 2016 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.

Changes to presentation and disclosures only

Effective 1 January 2016, the Company has implemented act no. 738 of 1 June 2015 with amendments to the Danish Financial Statements Act. As the implementation of the amendment act has no impact in terms of value on the income statement or the balance sheet in the financial year, nor on the comparative figures, the financial statements have been prepared based on the same accounting policies as last year.

The amendment act has solely implied new or changed presentation and disclosure requirements, which have been incorporated in the financial statements.

Consolidation

The consolidated financial statements comprise the parent company, Qmed Consulting A/S, and subsidiaries in which Qmed Consulting A/S directly or indirectly holds more than 50% of the voting rights or otherwise has a controlling interest.

The existence and impact of potential voting rights that are actually exercisable or convertible are taken into account when assessing whether control exists.

The consolidated financial statements have been 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 losses are eliminated in the same way as unrealised gains in so far as they do not reflect impairment.

Entities acquired or formed are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

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 for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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:

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 for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income from investments in group entities

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.

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

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

Newly acquired or formed entities are recognised in the financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised up to the date of disposal.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

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.

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.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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	2016	2015	2016	2015
2	Staff costs				
	Wages/salaries	7,770,729	6,382,800	7,321,179	6,382,800
	Pensions	465,507	468,019	465,507	468,019
	Other social security costs	71,487	48,922	71,487	48,922
	Other staff costs	180,527	83,014	180,284	83,014
		8,488,250	6,982,755	8,038,457	6,982,755
	Average number of full-time employees	13	9	12	9
3	Financial income				
	Other financial income	6,610	192	6,610	192
		6,610	192	6,610	192
4	Financial expenses				
	Interest expenses, group entities	0	0	4,867	10,204
	Other financial expenses	32,697	10,207	27,830	3
		32,697	10,207	32,697	10,207
5	Tax for the year				
	Estimated tax charge for the year	333,187	330,635	325,492	330,635
	Deferred tax adjustments in the year	-2,644	-20,074	-2,644	-20,074
		330,543	310,561	322,848	310,561

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK	Parent company Leasehold improvements
Cost at 1 January 2016	76,931
Cost at 31 December 2016	76,931
Impairment losses and depreciation at 1 January 2016	44,973
Depreciation in the year	15,386
Impairment losses and depreciation at 31 December 2016	60,359
Carrying amount at 31 December 2016	16,572

7 Investments

DKK	Parent company Investments in group entities, net asset value
Cost at 1 January 2016	0
Additions in the year	100,000
Cost at 31 December 2016	100,000
Share of the profit for the year	27,284
Value adjustments at 31 December 2016	27,284
Carrying amount at 31 December 2016	127,284

Parent company

Name	Legal form	Domicile	Interest	Equity DKK	Profit/loss DKK
Subsidiaries					
Qmed Consulting Team	ApS	Køge	100.00 %	127,284	27,284

8 Share capital

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

DKK	2016	2015	2014	2013	2012
Opening balance	125,000	125,000	125,000	125,000	125,000
Capital increase	875,000	0	0	0	0
	1,000,000	125,000	125,000	125,000	125,000

At 31 December 2016, the share capital in the parent company consisted of 95,000 A shares of DKK 10,00 nominal value each and 5,000 B shares of DKK 10,00 nominal value each.

Consolidated financial statements and parent company financial statements for the period 1 January - 31 December

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

Group

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.

Other financial obligations

Parent company

Rent and lease liabilities include a rent obligation totalling DKK 273 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 115 thousand, with remaining contract terms of 1-24 months.