

2care4 Generics ApS

Tømrrervej 9

6710 Esbjerg V

Central Business Registration No

36960566

Annual report 2015/16

The Annual General Meeting adopted the annual report on 31.05.2017

Chairman of the General Meeting

Name: Jannie Elisabeth Hansen

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Entity details

Entity

2care4 Generics ApS
Tømmervej 9
6710 Esbjerg V

Central Business Registration No: 36960566

Founded: 10.07.2015

Registered in: Esbjerg

Financial year: 10.07.2015 - 31.12.2016

Board of Directors

Henrik Bisgaard Jensen
Henrik Vestergaard Knudsen
Toke Værndal

Executive Board

Henrik Vestergaard Knudsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of 2care4 Generics ApS for the financial year 10.07.2015 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 10.07.2015 - 31.12.2016.

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

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

Esbjerg, 26.04.2017

Executive Board

Henrik Vestergaard Knudsen

Board of Directors

Henrik Bisgaard Jensen

Henrik Vestergaard Knudsen

Toke Værndal

Independent auditor's report

To the shareholders of 2care4 Generics ApS

Opinion

We have audited the financial statements of 2care4 Generics ApS for the financial year 10.07.2015 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 10.07.2015 - 31.12.2016 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Esbjerg, 26.04.2017

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Palle Jensen
State Authorised Public Accountant

Lasse Lynggaard Wolff
State Authorised Public Accountant

Management commentary

Primary activities

The main activity of the company is to develop, import, produce, negotiate and export pharmaceutical products and thus naturally related business.

Development in activities and finances

The loss for the year after tax amounts to DKKm 3.6. The loss for the year is considered to be satisfying with due respect to the start-up of the company.

The parent company VJ Investment ApS has undertaken to support the future operation with required financial resources.

Outlook

For the financial year 2017 we expect significant increase in activity level and profit above 2016.

Research and development activities

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

Events after the balance sheet date

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

Income statement for 2015/16

	<u>Notes</u>	<u>2015/16</u> <u>DKK</u>
Gross loss		(1,052,900)
Staff costs	2	(4,022,112)
Depreciation, amortisation and impairment losses		<u>(14,644)</u>
Operating profit/loss		(5,089,656)
Other financial income	3	428,470
Other financial expenses		<u>(9,657)</u>
Profit/loss before tax		(4,670,843)
Tax on profit/loss for the year	4	<u>1,027,586</u>
Profit/loss for the year		<u>(3,643,257)</u>
Proposed distribution of profit/loss		
Retained earnings		<u>(3,643,257)</u>
		<u>(3,643,257)</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2015/16</u> <u>DKK</u>
Acquired licences		39,769
Development projects in progress		<u>7,273,344</u>
Intangible assets	5	<u>7,313,113</u>
Other fixtures and fittings, tools and equipment		<u>934,749</u>
Property, plant and equipment	6	<u>934,749</u>
Fixed assets		<u>8,247,862</u>
Raw materials and consumables		34,879
Prepayments for goods		<u>23,230</u>
Inventories		<u>58,109</u>
Other receivables		222,291
Joint taxation contribution receivable		<u>2,737,586</u>
Receivables		<u>2,959,877</u>
Current assets		<u>3,017,986</u>
Assets		<u>11,265,848</u>

Balance sheet at 31.12.2016

	<u>Notes</u>	<u>2015/16</u> <u>DKK</u>
Contributed capital		50,000
Reserve for development expenditure		7,273,344
Retained earnings		<u>(966,601)</u>
Equity		<u>6,356,743</u>
Deferred tax		<u>1,710,000</u>
Provisions		<u>1,710,000</u>
Finance lease liabilities		<u>561,060</u>
Non-current liabilities other than provisions	7	<u>561,060</u>
Current portion of long-term liabilities other than provisions	7	71,814
Bank loans		478,829
Trade payables		1,223,029
Payables to group enterprises		179,324
Other payables		<u>685,049</u>
Current liabilities other than provisions		<u>2,638,045</u>
Liabilities other than provisions		<u>3,199,105</u>
Equity and liabilities		<u>11,265,848</u>
Going concern	1	
Unrecognised rental and lease commitments	8	
Contingent liabilities	9	
Group relations	10	

Statement of changes in equity for 2015/16

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Contributed upon formation	50,000	0	9,950,000	10,000,000
Transfer to reserves	0	7,273,344	(7,273,344)	0
Profit/loss for the year	0	0	(3,643,257)	(3,643,257)
Equity end of year	50,000	7,273,344	(966,601)	6,356,743

Notes

1. Going concern

The parent company VJ Investment ApS has undertaken to support the future operation with required financial resources.

	2015/16
	DKK
2. Staff costs	
Wages and salaries	3,694,712
Pension costs	165,926
Other social security costs	17,040
Other staff costs	144,434
	4,022,112
Average number of employees	5

	2015/16
	DKK
3. Other financial income	
Financial income arising from group enterprises	428,470
	428,470

	2015/16
	DKK
4. Tax on profit/loss for the year	
Tax on current year taxable income	(2,737,586)
Change in deferred tax for the year	1,710,000
	(1,027,586)

Notes

	Acquired licences DKK	Develop- ment projects in progress DKK
5. Intangible assets		
Additions	59,617	7,273,344
Disposals	(5,204)	0
Cost end of year	54,413	7,273,344
Amortisation for the year	(14,644)	0
Amortisation and impairment losses end of year	(14,644)	0
Carrying amount end of year	39,769	7,273,344

Development projects in progress

Development projects in progress comprise development and registration of generic pharmaceutical products. Costs essentially consist of external costs to business partners. Costs are registered in an internal project tool. The individual pharmaceutical product will be finished in the years 2017-2021. Afterwards, sales will start up. Overall, the products are expected to contribute with significant competitive advantages and therefore a substantial increase in activity level and result from 2017.

The management has completed impairment test of the current book value of the assets. The recoverable amount, value in-use, exceeds the book value. Value in-use is calculated from expected cashflows based on management approved budgets through 2017-2020.

	Other fixtures and fittings, tools and equipment DKK
6. Property, plant and equipment	
Additions	934,749
Cost end of year	934,749
Carrying amount end of year	934,749
Recognised assets not owned by entity	934,749

Notes

	Instalments within 12 months 2015/16 DKK	Instalments beyond 12 months 2015/16 DKK
7. Liabilities other than provisions		
Finance lease liabilities	71,814	561,060
	71,814	561,060

8. Unrecognised rental and lease commitments

The entity has entered into operating leases. The obligations amount to DKK'000 275 per December 2016, of which DKK'000 103 falls due payment next year.

9. Contingent liabilities

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

10. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
VJ Investment ApS, Esbjerg

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are as follows:

Recognition and measurement

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

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

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

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

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

Foreign currency translation

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

Income statement

Gross profit or loss

Gross profit or loss comprises cost of raw materials and consumables and external expenses.

Cost of sales

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

Accounting policies

Other external expenses

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

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

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

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on transactions in foreign currencies etc.

Other financial expenses

Other financial expenses comprise interest expenses, including net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities etc.

Tax on profit/loss for the year

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

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

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise development projects in progress with related intellectual property rights and acquired intellectual property rights.

Accounting policies

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 expenditure 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 attributable to the development projects.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised over their remaining duration, and licences are amortised over the term of the agreement, but over no more than 20 years.

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

Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	3-5 years
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Estimated useful lives and residual values are reassessed annually.

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

Inventories

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

Cost consists of purchase price plus delivery costs.

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

Accounting policies

Receivables

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

Income tax payable or receivable

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

Deferred tax

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

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

Finance lease liabilities

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

Other financial liabilities

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