2care4 Generics ApS

Tømrervej 9, DK-6710 Esbjerg V

Annual Report for 1 January - 31 December 2018

CVR No 36 96 05 66

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

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of 2care4 Generics 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 give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations 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

Henrik Bisgaard Jensen	Toke Værndal

Independent Auditor's Report

To the Shareholders of 2care4 Generics ApS

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of 2care4 Generics 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 ("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 Company 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 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.

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 misstate-

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing 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 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 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 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 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.

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 statsautoriseret revisor mne32115	Stefan Dracea statsautoriseret revisor mne42827

Company Information

The Company	2care4 Generics ApS Tømrervej 9 DK-6710 Esbjerg V CVR No: 36 96 05 66 Financial period: 1 January - 31 December Incorporated: 10 July 2015 Financial year: 3rd financial year Municipality of reg. office: Esbjerg
Board of Directors	Henrik Bisgaard Jensen Toke Værndal
Executive Board	Ulrik Ernst Rasmussen Torben Børsting
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28 DK-6700 Esbjerg

Management's Review

Key activities

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

Development in the year

The income statement of the Company for 2018 shows a loss of DKK 2,896,734, and at 31 December 2018 the balance sheet of the Company shows equity of DKK 433,664.

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

The past year and follow-up on development expectations from last year

The activity level and profit in 2018 has increased compared to 2017. Many of the developed projects has reached market, and had a positiv impact on the gross profit.

Research and development

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

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 January - 31 December

	Note	2018 DKK	2017 DKK
Gross profit/loss		**3.260.793**	**-1.519.397**
Staff expenses	2	-5.166.809	-4.848.943
Depreciation, amortisation and impairment of intangible assets and equipment	3	-1.325.543	-1.088.151
Profit/loss before financial income and expenses		**-3.231.559**	**-7.456.491**
Financial expenses	4	-481.175	-268.854
Profit/loss before tax		**-3.712.734**	**-7.725.345**
Tax on profit/loss for the year	5	816.000	1.699.000
Net profit/loss for the year		**-2.896.734**	**-6.026.345**

Distribution of profit

Proposed distribution of profit

Retained earnings	-2.896.734	-6.026.345
	-2.896.734	**-6.026.345**

Balance Sheet 31 December

Assets

	Note	2018	2017
		DKK	DKK
Completed development projects		3.254.045	2.565
Acquired licenses		3.876	22.393
Development projects in progress		9.096.063	8.500.218
Intangible assets	6	**12.353.984**	**8.525.176**
Other fixtures and fittings, tools and equipment		311.645	623.197
Property, plant and equipment	7	**311.645**	**623.197**
Fixed assets		**12.665.629**	**9.148.373**
Raw materials and consumables		3.340.365	17.856
Prepayments for goods		137.303	116.053
Inventories		**3.477.668**	**133.909**
Trade receivables		3.461.649	1.206.999
Other receivables		48.102	28.824
Corporation tax receivable from group enterprises		1.620.000	1.866.000
Receivables		**5.129.751**	**3.101.823**
Currents assets		**8.607.419**	**3.235.732**
Assets		**21.273.048**	**12.384.105**

Balance Sheet 31 December

Liabilities and equity

	Note	2018	2017
		DKK	DKK
Share capital		50.000	50.000
Reserve for development costs		9.633.084	6.632.170
Retained earnings		-9.249.420	-6.351.771
Equity		**433.664**	**330.399**
Provision for deferred tax		2.681.000	1.877.000
Provisions		**2.681.000**	**1.877.000**
Lease obligations		375.000	500.110
Long-term debt	8	**375.000**	**500.110**
Credit institutions		534.864	822.654
Lease obligations	8	78.625	85.025
Trade payables		1.587.311	244.889
Payables to group enterprises		10.133.664	7.719.377
Other payables		5.448.920	804.651
Short-term debt		**17.783.384**	**9.676.596**
Debt		**18.158.384**	**10.176.706**
Liabilities and equity		**21.273.048**	**12.384.105**
Going concern	1		
Contingent assets, liabilities and other financial obligations	9		
Related parties	10		
Accounting Policies	11		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	50.000	6.632.170	-6.351.772	330.398
Contribution from group	0	0	3.000.000	3.000.000
Development costs for the year	0	3.000.914	-3.000.914	0
Net profit/loss for the year	0	0	-2.896.734	-2.896.734
Equity at 31 December	**50.000**	**9.633.084**	**-9.249.420**	**433.664**

Notes to the Financial Statements

1 Going concern

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

	2018	2017
	DKK	DKK

2 Staff expenses

	2018	2017
Wages and salaries	4.751.802	4.247.738
Pensions	292.814	199.537
Other social security expenses	54.382	44.300
Other staff expenses	67.811	357.368
	5.166.809	**4.848.943**
Average number of employees	**7**	**5**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Depreciation, amortisation and impairment of intangible assets and equipment

	2018	2017
Amortisation of intangible assets	1.189.530	330.868
Gain and loss on disposal	136.013	757.283
	1.325.543	**1.088.151**

4 Financial expenses

	2018	2017
Interest paid to group enterprises	377.571	176.239
Other financial expenses	103.604	92.615
	481.175	**268.854**

Notes to the Financial Statements

		2018	2017
		DKK	DKK
5	**Tax on profit/loss for the year**		
	Current tax for the year	-1.620.000	-1.866.000
	Deferred tax for the year	804.000	167.000
		-816.000	**-1.699.000**

6 Intangible assets

	Completed development projects	Acquired licenses	Development projects in progress
	DKK	DKK	DKK
Cost at 1 January	3.364	55.554	8.500.218
Additions for the year	0	0	5.297.096
Disposals for the year	0	0	-589.511
Transfers for the year	4.111.740	0	-4.111.740
Cost at 31 December	4.115.104	55.554	9.096.063
Impairment losses and amortisation at 1 January	799	33.161	0
Amortisation for the year	860.260	18.517	0
Impairment losses and amortisation at 31 December	861.059	51.678	0
Carrying amount at 31 December	**3.254.045**	**3.876**	**9.096.063**

Notes to the Financial Statements

6 Intangible assets (continued)

	Completed development projects	Acquired licenses	Development projects in progress
	DKK	DKK	DKK
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 registered 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 therefore a substantial 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, 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 product is launched in the market. The management has not established any indication for impairment of the current book value of the assets.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	934.749
Cost at 31 December	934.749
Impairment losses and depreciation at 1 January	311.552
Depreciation for the year	311.552
Impairment losses and depreciation at 31 December	623.104
Carrying amount at 31 December	**311.645**

Notes to the Financial Statements

7 **Property, plant and equipment** (continued)

	Other fixtures and fittings, tools and equipment
	DKK
Depreciated over	3 years
Including assets under finance leases amounting to	311.645

8 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:

	2018	2017
	DKK	DKK
Lease obligations		
Between 1 and 5 years	375.000	500.110
Long-term part	375.000	500.110
Within 1 year	78.625	85.025
	453.625	**585.135**

9 Contingent assets, liabilities and other financial obligations

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 is disclosed in the Annual Report of VJ Investment ApS, which is the management company of the joint taxation purposes. 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.

Notes to the Financial Statements

10 Related parties

	Basis
Controlling interest	
VJ Investment ApS	Esbjerg

Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Name	Place of registered office
VJ Investment ApS	Esbjerg

Notes to the Financial Statements

11 Accounting Policies

The Annual Report of 2care4 Generics ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2018 are presented in DKK.

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.

Leases

Leases in terms of which the Company 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 Company.

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.

Notes to the Financial Statements

11 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

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 Company.

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

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.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Notes to the Financial Statements

11 Accounting Policies (continued)

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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 VJ Investment ApS and all subsidiaries of the parrent company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

11 Accounting Policies (continued)

Balance Sheet

Intangible assets

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

Development projects on clearly defined and identifiable products and processes, for which the technical rateof utilisation, adequate resources and a potential future market or development opportunity in the enterprisecan be established, and where the intention is to manufacture, market or apply the product or process inquestion, 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 equallingthe costs incurred is taken to equity under Reserve for development costs that is reduced as the developmentprojects 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.

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. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

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

Notes to the Financial Statements

11 Accounting Policies (continued)

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 fixtures and fittings, tools and equipment	3-5	years

Depreciation period and residual value are reassessed annually.

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

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

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 in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Equity

Dividend

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

Notes to the Financial Statements

11 Accounting Policies (continued)

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

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