FTW Holding ApS
Annual Report 2020

Approved at the Company's annual general meeting on 24 June 2021
Chairman:

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FTW Holding ApS • Vesterbrogade 149, 1620 København V • CVR no. 39 87 33 89

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Management's review

Financial highlights

In EUR'000	2020	2019	15 Sept. - 31 Dec. 2018*
Key figures			
Revenue	663.601	421.529	90.419
Gross profit	67.524	49.839	11.477
Operating profit before depreciations and amortisation (EBITDA)	12.534	13.483	3.716
Operating profit (EBIT)	4.308	3.031	1.716
Financial expenses, net	-4.439	-3.034	-843
Profit for the period	-952	-1.349	603
Non-current assets	55.784	24.483	17.922
Current assets	168.662	108.649	78.359
Total assets	224.446	133.132	96.281
Portion relating to investments in items of property, plant and equipment	2.031	1.985	395
Portion relating to investments in intangible assets	6.895	6.436	2.733
Equity	57.174	56.229	10.210
Non-current liabilities	8.014	4.412	2.032
Current liabilities	159.258	72.491	84.039
Cash flow from operating activities	-14.350	-35.056	79
Cash flow from investing activities	-9.004	-8.541	-3.119
Of which relate to intangible assets	-6.895	-6.436	-2.733
Of which relate to tangible assets	-2.031	-1.985	-395
Cash flow from financing activities	20.804	50.312	3.166
Total cash flow	-2.550	6.715	126
Key ratios			
Gross Margin	10,2%	11,8%	12,7%
EBITDA Margin	1,9%	3,2%	4,1%
Solvency	25,5%	42,2%	10,6%
Average number of employees	913	623	450

*The comparative figures are not adjusted for the implementation of IFRS 16

Gross margin $\frac{\text{Gross profit x 100}}{\text{Revenue}}$

Operating profit before depreciations and amortisations (EBITDA) margin $\frac{\text{Operating profit excl. amortisation and depreciation x 100}}{\text{Revenue}}$

Solvency ratio $\frac{\text{Closing equity x 100}}{\text{Total assets}}$

Management's review

FTW Holding ApS was established 15 September 2018. The purpose of the company is to hold the majority of the shares in Wagner Family Holding ApS, which owns the majority of shares in Abacus Medicine A/S (Abacus Medicine Group) and DayDose ApS. The activities within the Group consist mainly of the activities within the Abacus Medicine Group, accordingly the business review reflects primarily the Abacus Medicine Group's business review. The core business of the Group is parallel distribution and wholesale of phamarceuticals.

The result for the year in the consolidated financial statements ended at a loss of EUR 1 million, which is not satisfactory.

In 2020 Abacus Medicine Group aquired the dutch wholesaler Pluripharm. The acquisition of the Pluripharm Group has considerable impact on both the results and the balance sheet. Pluripharm has been included in the consolidated statements from August 2020. Combined revenue for the business units of the Abacus Medicine Group rose 57% to EUR 663.5 million in 2020 against EUR 421.4 million the year before. Revenue rose well above the Outlook on the back of positive developments in all parallel distribution sales markets.

Gross profit for the Abacus Medicine Group rose 35% to EUR 67.6 million from EUR 50.0 in 2019. Partly due to the inclusion of the lower margin Pluripharm wholesale business, the Gross margin for the Abacus Medicine Group decreased to 10.2% in 2020 from 11.9% the previous year. This was partly due to the inclusion of the lower margin Pluripharm wholesale business, and a continued commitment to invest in building the necessary scale in newer markets. In the parallel distribution business, we saw a declining Gross margin this year due to a combination of adverse effects in country, customer, and product mix, including increased pricing pressure in Germany, our largest market. We also saw examples of weaker demand from a healthcare sector preoccupied with COVID-19.

Profit for the year for the Abacus Medicine Group was EUR 0.4 million, which was not satisfactory.

The result for DayDose APS ended with a loss of EUR 0.4 million.

The average number of full time employees was 913 in 2020.

Investing in new licences and IT
In 2020, the Abacus Medicine Group rapidly expanded the portfolio of product licences from 4,354 to 6,224. In combination with investments in IT and goodwill from the acquisition of Pluripharm, the result was an increase in Intangible assets to EUR 29.6 million from 17.8 million the year before. Assets in the form of Property, plant and equipment also increased from EUR 3.3 million in 2019 to EUR 11.3 million in 2020, first and foremost as the result of the acquisition of Pluripharm.

Current assets, mainly in the form of Inventory and Trade and other receivables, rose in line with the growth of the combined business to EUR 168.5 million against 102.1 the previous year.

The ability of Abacus Medicine Group to identify and obtain new licences sets a new standard in the Group's industry, and in 2021 Abacus Medicine Group will continue to be very ambitious in applying for new licences. There is a clear correlation between the Group's rapidly increasing number of licences and the Group's revenue growth.

Unusual matters
No unusual matters occurred in the financial year which have had a material effect on the Group and Parent Company's financial position.

Material recognition and measurement uncertainties
In preparing the consolidated financial statements, Management makes various accounting estimates and assumptions which form the basis of the presentation, recognition and measurement of the Group's assets and liabilities.

Determining the carrying amounts of certain assets and liabilities requires estimates and assumptions concerning future events. Estimates and assumptions are based on historical experience and other factors, which Management assesses to be reasonable, but which by their nature involve uncertainty and unpredictability. These assumptions may have to be revised, and unexpected events or circumstances may occur.

FTW Holding Group is subject to risks and uncertainties that may lead to the actual results differing from these estimates, both positively and negatively. Specific risks are discussed in the Management review in the section below.

Outlook for 2021

For 2021, Management expects that the Group will achieve significant, organic growth of around 15-25% (full year impact) and between 35-50% including non-organic growth.

The Abacus Medicine Group revenue is expected to be within the range of EUR 890-990 million and the EBITDA margin is expected to be within the range of 1.5%-3.0% in 2021.

The FTW Group management expects that the activities in DayDose will have a limited negative impact on this range.

Management's review (continued)

Special risks

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Financial instruments affected by market risk include borrowings, deposits and derivative financial instruments. The Group is not considered to be directly affected by an equity price risk or a commodity risk (price volatility of certain commodities, i.e. oil prices, metal prices etc.).

Currency risk

The Group operates in more than a dozen countries and our profit, cash flows and equity are affected by exchange rate fluctuations, particularly SEK and GBP when it comes to sales and a number of different currencies, when it comes to purchases. It is our policy to hedge significant commercial currency risks, primarily via foreign exchange contracts. Speculative currency transactions are not made. Relating foreign exchange risks are generally not hedged, as Management is of the opinion that regular hedging of such long-term investments will not be optimal taking into account the overall risk and costs.

Interest rate risk

The Group's interest-bearing debt, which accounts for a significant part of the balance sheet total implies that changes in the interest rate level will have a material impact on the Group's results of operations. The Group has not hedged interest rate risks.

Liquidity risk

Parallel distribution is a very liquidity-intensive industry, as most of the raw material purchases are to be paid in advance or with very short payment terms, while the customer side is characterized by normal and often long payment terms. This creates a liquidity requirement in the period between payment to suppliers and receipt of customer payments. On the other hand, wholesale activity is less liquidity dependent than parallel distribution due to payment terms from suppliers and to customers are more aligned.

The Abacus Medicine Group aims to have sufficient credit facilities that can accommodate the fluctuations that occur in day-to-day operations, and that within these facilities Abacus Medicine has sufficient reserves for account unforeseen liquidity needs.

This objective is met through building and maintaining sound and trustworthy relationships with bank and factoring companies, which have resulted in the existence of sufficiently large credit lines for factoring and credit facilities.
For further information please refer to note 16.

Management's review (continued)

Diversity

FTW Holding ApS only has a management consisting of a CEO and no employees and therefore FTW Holding ApS does not report on section §99b of the Danish Financial Statements Act.

The subsidiary Abacus Medicine A/S recognises the importance of promoting diversity, including gender, at management levels. The purpose is to ensure equal opportunities through encouragement of diversity including age, ethnicity, nationality, religion, education and sexual orientation. Abacus Medicine seek to be an attractive workplace for all employees and focus on ensuring equal opportunities for all in career advancement and the prospect of occupying management positions.

Abacus Medicine Group employs candidates for management positions with profiles and qualifications best suitable for the company. In this context, gender will be considered when appointing candidates for management positions while taking into account other relevant recruitment criteria, including professional qualifications, relevant experience, educational background, etc.

Abacus Medicine Group intends to increase the proportion of women in the Board of Directors and the Executive Management Team and at the other management levels of the company to mirror the representation of women employed within the company.

In 2020, Abacus Medicine Group welcomed a new chairman, Niels Smedegaard. The candidate was chosen due to his extensive experience as a board member in Denmark and internationally. Unfortunately, Abacus Medicine Group has not been able to find a female candidate offering the right match for the current competencies in the Board, but we continue to look for a qualified candidate and hope to fulfill the goal of electing a female member to the Board in 2021.

Below we have listed the development in the gender representation at the management levels at Abacus Medicine Group.

Board of Directors:	
Men	100%
Women	0%
Executive Management team:	
Men	92%
Women	8%
Managers:	
Men	67%
Women	33%

Management's review (continued)

Statutory social responsibility statement, cf. FSA §99a
FTW Holding is the parent company of Abacus Medicine A/S and has assessed that the main impacts on social and environmental conditions are related to the business activities of the subsidiary. Therefore, the company's reporting on social responsibility, cf. the statutory requirements of FSA §99a, focuses on Abacus Medicine's efforts within the areas of corporate responsibility.

Business model
Abacus Medicine supplies prescription medicine worldwide to pharmacies, hospitals and pharmaceutical companies. Each day, more than 750 employees improve global access to medicine from offices, warehouses and production facilities in Europe, the US and Asia. The core business is known as parallel distribution. We help to reduce healthcare costs by giving patients in multiple European countries access to medicine at a lower price.

Human Rights and Anti-Corruption
In 2020, Abacus Medicine adopted a policy for Humans Rights, which includes an Anti-Human Trafficking Policy and an Anti-Slavery Policy. Furthermore, an Anti-Corruption Policy is set in place to counter corruption in all its forms. Although the risks for human rights abuses and corruption has been assessed low, Abacus Medicine is aware of the risks of breaches to our policies in the global value chain. In 2020, a Supplier Code of Conduct was drafted and approved in order to circumvent potential issues.

Environment and Climate
Abacus Medicine is aware of its societal impact and the responsibilities to ensure well-documented processes and compliance with a wide range of environmental legislation. The largest environmental risk comes from use of electricity at production facilities, paper and cardboard waste from repackaging of medicine, and transport carried out by sub-suppliers. During 2020, Abacus Medicine worked with programs to produce assessments of the environmental impact of supplier's solutions to carton material and reduce the transporting footprint. The packaging material program is now 75% completed, while the transport program is 25% completed.

Social and Employee matters
Abacus Medicine strives to provide a safe, healthy and secure working environment for all its employees. The main risks to employees are assessed to be discrimination and dissatisfaction among the employees. At our core is our diverse workforce and a dedication to be completely free of discrimination in all aspects with our well-established Anti-Discrimination Policy. Through an employee satisfaction survey, room for improvement was found regarding global cooperation and global information flows. In 2020, a set of focus group discussions were held as part of the program to optimize global cooperation and information flows. This program is now 75% completed.

The Covid-19 pandemic has not gone unnoticed at Abacus Medicine either. The main risk was assessed to be employees getting sick at the workplace. In response, the company provided online management training on remote management and created guidelines for managing employees from a distance. Material was created for both managers and employees to support them in the very unusual situation, and the HR departments at all locations made sure to follow up with both managers and employees to ensure a good working environment during the crisis.

Management's review

Company information

Name	FTW Holding ApS
Address	Vesterbrogade 149 1620 København V
CVR-no.	39 87 33 89
Founded	15 September 2018
Registered municipality	Copenhagen, Denmark
Financial year	1 January – 31 December
E-mail	flemming.wagner@abacusmedicine.com
Telephone	+45 70 22 02 12
Management	Flemming Wagner, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, 2000 Frederiksberg

Consolidated financial statements 1 January – 31 December

Income statement

Note	EUR'000	2020	2019
2	Revenue	663.601	421.529
	Cost of sales	-596.077	-371.690
	Gross profit	**67.524**	**49.839**
3	Other external costs	-20.704	-11.695
4,5	Staff costs	-34.286	-24.661
	Operating profit before depreciations and amortisation (EBITDA)	**12.534**	**13.483**
6	Depreciation, amortisation and impairment	-7.750	-6.348
	Other operating costs	-476	-4.104
	Operating profit (EBIT)	**4.308**	**3.031**
7	Share of profit (loss) in associates	-81	0
8	Finance income	187	194
8	Finance expenses	-4.626	-3.228
	Profit before tax	**-212**	**-3**
9	Tax	-740	-1.346
	Profit for the period	**-952**	**-1.349**
	Profit for the period attributable to:		
	FTW Holding ApS	-937	-1.935
	Non-controlling interests	-15	586
		-952	**-1.349**

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Balance sheet

Note	EUR'000	2020	2019
	ASSETS		
	Non-current assets		
10	Intangible assets	29.151	17.410
11	Property, plant and equipment	11.352	3.301
12	Right-of-use assets	5.352	2.650
	Other receivables	6.272	1.044
15	Deferred tax assets	3.657	78
	Total non-current assets	**55.784**	**24.483**
	Current assets		
	Raw materials and consumables	68.004	27.341
	Manufactured goods and goods for resale	40.545	40.628
	Trade receivables	41.453	23.329
13	Other receivables	11.677	8.235
	Prepayments	1.180	763
	Cash	5.803	8.353
	Total current assets	**168.662**	**108.649**
	TOTAL ASSETS	**224.446**	**133.132**
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	16	15
	Other reserves	-394	-305
	Retained earnings	31.987	33.583
	Proposed dividends	1.613	-
	Shareholders in FTW Holding ApS' share of equity	**33.221**	**33.293**
14	Non-controlling interests	23.952	22.936
	Total equity	**57.174**	**56.229**
	Non-current liabilities		
15	Deferred tax liabilities	3.155	2.506
16	Borrowings	0	0
12	Lease liabilities	3.608	1.494
17	Other payables	1.251	412
	Total non-current liabilities	**8.014**	**4.412**
	Current liabilities		
18	Provisions	6.008	4.243
12	Lease liabilities	1.776	1.248
16	Borrowings	71.142	31.273
	Trade payables	61.992	21.226
	Income tax payable	895	619
17	Other payables	17.438	13.868
19	Deferred income	7	14
	Total current liabilities	**159.258**	**72.491**
	Total liabilities	**167.272**	**76.903**
	TOTAL EQUITY AND LIABILITIES	**224.446**	**133.132**

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22 Mortgage and collateral
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26 Events after the reporting period

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Cash flow statement

Note	EUR'000	2020	2019
	Operating activities		
	Profit before tax	-212	-3
	Adjustments to reconcile profit before tax to net cash flow:		
6	Depreciation, amortisation and impairment	7.749	6.348
	Share of profit (loss) in associates	81	-
	Finance income	-187	-194
	Finance expenses	4.626	3.228
	Working capital adjustments:		
	Non-cash items, net	731	450
20	Changes in working capital	-23.333	-41.012
8	Interest received	187	194
8	Interest paid	-3.626	-2.466
	Income tax paid	-365	-1.601
	Net cash flow from operating activities	**-14.350**	**-35.056**
	Investing activities		
10	Purchase of intangible assets	-6.895	-6.436
11	Purchase of property, plant and equipment	-2.031	-1.985
25	Acquisition of subsidiary	0	0
	Paid deposits	-79	-120
	Net cash flow used in investing activities	**-9.004**	**-8.541**
	Financing activities		
	Capital increases	-	34.500
	Proceeds from borrowings (credit facility)	20.671	6.762
	Proceeds from exercise of warrants	1.373	510
	Repayment of lease liabilities	-1.504	-1.065
	Sale/purchase of treasury shares	415	-415
	Deposits regarding bank agreement	-1.047	-811
	Aqusition of minorities	896	11.278
	Dividends	-	-447
	Net cash flow from financing activities	**20.804**	**50.312**
	Cash flow for the period	**-2.550**	**6.715**
	Cash at beginning of the period	8.353	1.638
	Cash at 31 December	5.803	8.353

The above cannot be derived directly from the income statement and the balance sheet.

Consolidated financial statements 1 January – 31 December

Statement of changes in equity

EUR'000

	Share capital	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Proposed Dividends	Parents company share of equity	Minority share	Total
Equity 1 January 2020	**15**	**-111**	**-194**	**33.583**	**-**	**33.293**	**22.936**	**56.229**
Capital injection	1	-	-	23	-	24	393	417
Profit for the year	-	-	-	(2.550)	1.613	(937)	(15)	(952)
Cash flow hedges – effective portion of changes in fair value	-	(113)	-	-	-	(113)	(96)	(209)
Exchange differences on translation of foreign operations	-	-	(1)	-	-	(1)	(1)	(2)
Tax on other comprehensive income	-	25	-	-	-	25	21	46
Dividends paid	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	224	-	224	191	415
Equity-settled share-based payments	-	-	-	179	-	179	153	332
Change in ownership	-	-	-	528	-	528	370	898
Total equity movements	**1**	**(88)**	**(1)**	**(1.596)**	**1.613**	**(71)**	**1.016**	**945**
Equity 31 December 2020	**16**	**-199**	**-195**	**31.987**	**1.613**	**33.221**	**23.952**	**57.174**
Equity 1 January 2019	**15**	**-517**	**-133**	**9.008**	**-**	**8.373**	**1.837**	**10.210**
Capital injection	-	-	-	-	-	-	36.076	36.076
Profit for the year	-	-	-	(1.935)	-	(1.935)	586	(1.349)
Cash flow hedges – effective portion of changes in fair value	-	520	-	-	-	520	426	946
Exchange differences on translation of foreign operations	-	-	(61)	-	-	(61)	(50)	(111)
Tax on other comprehensive income	-	(114)	-	-	-	(114)	(94)	(208)
Dividends paid	-	-	-	-	-	-	(447)	(447)
Purchase of treasury shares	-	-	-	(228)	-	(228)	(187)	(415)
Equity-settled share-based payments	-	-	-	55	-	55	45	100
Change in ownership	-	-	-	26.683	-	26.683	-15.257	11.426
Total equity movements	**-**	**406**	**-61**	**24.575**	**-**	**24.920**	**21.099**	**46.019**
Equity 31 December 2019	**15**	**-111**	**-194**	**33.583**	**-**	**33.293**	**22.936**	**56.229**

The share capital consist of 116.935 shares with a nominal value of 1.00 DKK each. None of the shares are assigned with special rights.

The share capital has since the establisment of the Company in September 2018 been increased with nominal shares of 2.000 in 2019 and 35 in 2020.

Consolidated financial statements 1 January – 31 December

Overview of notes for the consolidated financial statements

Consolidated financial statements 1 January – 31 December

Notes

1 **Accounting policies**

FTW Holding is a private limited company registered in Denmark. The financial statements section of the annual report, for the period 1 January – 31 December 2020, comprise both the consolidated financial st.atements of FTW Holding ApS and its subsidiaries (the Group) and the separate Parent Company financial statements.

The annual report of FTW Holding ApS for 2020 have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed new and amended presentation and disclosure requirements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year, except for reclassification of customer bonus liabilities from Other Payables to Trade Payables.

Basis of preparation
The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which have been measured at fair value.

The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (EUR'000), except when otherwise indicated.

Consolidated financial statements
The consolidated financial statements comprise the financial statements of FTW Holding ApS (the Parent) and the subsidiaries controlled by the Parent, as at 31 December 2020. FTW Holding ApS controls an entity when it is exposed to or has rights to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity.

On consolidation, intra-Group income and expenses, shareholdings, intra-Group balances and dividends, and realised and unrealised gains on intra-Group transactions are eliminated.

The subsidiaries' financial statement items are included 100% in the consolidated financial statements. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries that are not wholly-owned are included in the Group's profit/loss and equity, respectively, but are presented separately.

Foreign currency translation
The Group's consolidated financial statements are presented in euros. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Current versus non-current classification
FTW Holding ApS presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is either:

• Expected to be realised or intended to be sold or consumed in the normal operating cycle,
• Held primarily for the purpose of trading,
• Expected to be realised within twelve months after the reporting period, or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when, either:

• It is expected to be settled in the normal operating cycle,
• It is held primarily for the purpose of trading,
• It is due to be settled within twelve months after the reporting period, or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Business combinations
Business combinations are accounted for by using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group decides whether it will measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are expensed and included in the income statement as other operating costs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable assets acquired and liabilities assumed.

Derivative financial instruments
Initial recognition
The Group uses forward currency contracts (derivative financial instruments) to hedge its foreign currency risks relating to receivables and payables. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in equity and later reclassified to the income statement when the hedge item affects the income statement.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income Statement

Revenue
The company has chosen IFRS 15 as interpretation for the recognition of revenue.

Revenue from the sale of goods is recognised when the performance obligation is satisfied, i.e. when control of the goods have passed to the buyer. All sales of goods are recognized at one-point-of-time. Due to factoring agreements, the receivables are either sold or financed, and the payments are in general received from the factoring company within one day. Revenue is measured at fair value of the agreed consideration, excluding VAT and taxes charged on behalf of third parties. Provisions for rebates and discounts granted to customers are recognised as a reduction of revenue, whereas the effect of expected returns is recorded as a reduction of gross profit, i.e. revenue and cost of sales.

Rights of return
Certain contracts provide our customers with a right to return the goods. the Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Assets and liabilities arising from rights of return:

Rights of return assets
Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. the Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Rights of return liabilities
A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. the Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Cost of sales
Cost of sales includes the costs for pharmaceutial goods and consumables used in generating the year's revenue.

Other external expenses
Other external costs include expenses in regards to the Group's principal activities, arising during the year. This includes expenses for sales, advertisement, administration, service relating to office buildings etc.

Staff costs
Staff costs include wages and salaries, including share-based payments, holiday pay and pensions, as well as other expenses for social security etc., relating to the Group's employees. Within staff costs, any compensation received from public authorities has been deducted.

Incentive programs under which the employee has the opportunity for net settlement are recognised on a regular basis with the share of the earned value and are, similarly, recognised under Other payables. The value of the underlying agreement is defined in the contracts and depends on the Group's earnings.

Consolidated financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Share-based payments
Certain employees of the Group receive remuneration in the form of share-based payments, whereby program participants render services as consideration for equity instruments ("equity-settled transactions") or cash ("cash-settled transactions"), which is relevant for the program where the employees have the option to choose between equity instruments or cash. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made, using an appropriate valuation model. The cost of cash-settled transactions are determined by the expected payment to the employees.

That cost is recognised in staff costs, together with a corresponding increase in equity (other capital reserves) for equity-settled programs or other payables for cash-settled programs, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or income in the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

A liability is recognised for the fair value of cash-settled transactions, within other payables (current). The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

Other operating costs
Other operating costs includes IPO related costs presented as speciel items in Abacus Medicine A/S.

Finance income and expenses
Finance income and expenses comprise interest income and expenses, exchange gains and losses on transactions denominated in foreign currencies etc., as well as surcharges and allowances under the on-account tax scheme etc.

Income tax
Tax for the year
Tax for the year comprises current tax on the expected taxable income for the year and the year's deferred tax adjustments. The tax expense relating to the profit for the year is recognised in the income statement, and the tax expense relating to transactions recognised in equity is recognised in equity.

FTW Holding ApS is jointly taxed with its Danish Group entities, and FTW Holding ApS is also the administration company of the Danish Group entities towards the Danish Tax authorities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are, as a minimum, reimbursed by the administration company based on the current rates applicable to interest allowances, and jointly taxed entities having less tax paid, as a maximum, a surcharge based on the current rates applicable to interest surcharges to the management company.

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1 Accounting policies (continued)

Balance sheet

Intangible assets
Goodwill, Licenses, Software and IP rights
Goodwill is initially recognised at the amount by which the purchase price for a business combination exceeds the recognised value of the identifiable assets and liabilities assumed. Goodwill comprises future growth expectations, buyer-specific synergies, the workforce in place and know-how. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and impairment losses.

Licenses relate to marketing permits and product approvals. Licenses are measured at cost less accumulated amortisation and impairment losses. Cost comprises of the purchase price and salaries directly attributable until the date when the marketing permits and product approvals are available for use. The basis of amortisation is cost. The licenses are set with no residual value. Amortisation is provided on a straight-line basis over the expected useful lives of the assets. The basis of amortisation is based on the residual value of the asset and is reduced by impairment losses, if any. In case of changes in the depreciation period or the residual value, the effect on the amortisation charges is recognised prospectively as a change in accounting estimates.

Software is measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

IP rights are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

On initial recognition, the costs of licenses, software and IP rights are recognised in the balance sheet and measured at cost and subsequently at cost less accumulated amortisation and impairment losses.

Amortisation periods are as follows:

Goodwill	10 years
Licenses	5 - 8 years
Software	10 years
IP Rights	10 years

The assets have no scrap value.

Gains and losses on the disposal of rights and licenses are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as Other operating income or Other operating expenses, respectively.

Consolidated financial statements 1 January – 31 December

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1 Accounting policies (continued)

Development costs
Development expenditures on an individual project are recognised as an intangible asset when the the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

Property, plant and equipment
Property, plant and equipment consists of leasehold improvements and other fixtures and fittings. Leasehold improvements and other fixtures and fittings are measured at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The cost for a total asset is split in separate components, which are depreciated separately, if the useful life of each of the components differ.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets/components. The expected useful lives are as follows:

Land and buildings	30 Years
Leasehold improvements	3-5 years
Other fixtures and fittings	2-10 years

The assets have no scrap value.

Depreciation is calculated on cost price less scrap value and impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. If the residual value exceeds the carrying amount, no further depreciation charges are recognised.

When the depreciation period or the residual value is changed, the effect on depreciation is recognised prospectively as a change in accounting estimates.

Gains and losses at sale of property, plant and equipment is calculated as the difference between the sales price less the sales expenses and the carrying amount at the date of sale. Gains or losses are recognised in the income statement as the item other operating income and other operating expenses, respectively.

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1 Accounting policies (continued)

Leases

Right-of-use assets
FTW Holding recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use).

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term (1-5 years). Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects FTW Holding's exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, FTW Holding uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

FTW Holding applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as other external costs on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with extension options
FTW Holding determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Under the current contracts, FTW Holding has no material extension options.

Consolidated financial statements 1 January – 31 December

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1 Accounting policies (continued)

Impairment of non-current assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations. The budget and forecast calculation generally covers a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For assets, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's recoverable amount.

Impairment is determined for goodwill by assessing the recoverable amount of the CGU to which the goodwill relates (Aposave). When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The cost of goods for resale, as well as materials and consumables, comprises the cost of acquisition plus delivery costs and, for finished goods, indirect production overheads, including packaging material, are added.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables
Receivables are measured at amortised cost.

The measurement of the provison for bad debt for receivables is based on the expected credit loss and the lifetime expected loss for all trade receivables. Where there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised at the individual receivable level.

Prepayments
Prepayments recognised under Current assets comprise expenses incurred concerning subsequent financial years.

Cash
Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand.

Consolidated financial statements 1 January – 31 December

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1 Accounting policies (continued)

Equity
Foreign currency translation reserve
The exchange adjustment reserve in the consolidated financial statements comprises exchange differences arising on the translation of the financial statements of foreign enterprises from their functional currencies into EUR. On realisation, accumulated value adjustments are taken from equity to financial items in the income statement.

Cash flow hedge reserve
The hedge transaction reserve contains the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future cash flows and for which the hedged transaction has yet to be realised.

Dividend
Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date).

Taxation
Current income tax and deferred tax
Current tax payable and receivable is recognised in the balance sheet as tax computed on the expected taxable income for the year, adjusted for tax on the taxable income of prior years and for prepaid tax.

Provisions for deferred tax are calculated, based on the liability method, of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income.

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.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or as "Corporation tax payable".

Provisions
Provisions comprise anticipated expenses for returned goods. Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation.

Liabilities
Financial liabilities are initially recognised at fair value less transaction costs. Subsequently, the financial liabilities are measured at amortised cost using the effective interest method, whereby transaction costs and any premium or discount are recognised as financial expenses over the term of the liabilities.

Other liabilities are measured at net realised value.

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1 Accounting policies (continued)

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in Cash as well as the Group's Cash at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows are presented using the indirect method.

Cash flow from operating activities

Cash flow from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flow from investing activities

Cash flow from investing activities comprises payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and financial assets.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or composition of the the Group's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividend to shareholders.

Segment information

The segment disclosures provided reflect the information for the reportable segments which the management receives monthly in its capacity as decision maker. The allocation of resources and the segment performance are evaluated based on revenue, gross profit and profitability measured on earnings before interest, taxes, depreciations and amortisation (EBITDA).

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2 Segment information

The presentation of the reportable operating segments for FTW Holding Group is defined by the operational structure which is derived from the types of activities we are engaged in and our geographical presence throughout Europe, which is in line with the internal management reporting. Aposave accounts for less than 10% of the revenue, gross profit and assets in the Group, and due to similar characteristics, Aposave has been reported in combination with Abacus Medicine - Parallel Distribution.

Operating Segments

Our business operations are carried out by the following reportable segments, forming the basis of our segment reporting.

Abacus Medicine - Parallel Distribution and Aposave

Supplies prescription medicine to pharmacies, hospitals and pharmaceutical companies and delivers pharmaceutical and healthcare services.

Pluripharm

Conducts wholesale trade in pharmaceutical and related products and provides related services to pharmacies, hospitals, healthcare institutions and other wholesalers.

Operating information

	2020					2019				
EUR'000	**Abacus Medicine**	**Pluripharm***	**Other**	**Eliminations**	**Total**	**Abacus Medicine**	**Pluripharm**	**Other**	**Eliminations**	**Total**
Revenue	567.730	98.592	100	(2.821)	**663.601**	421.445	-	84	-	**421.529**
Gross Profit	61.243	6.314	-33	-	**67.524**	50.038	-	(199)	-	**49.839**
EBITDA	13.749	(1.266)	51	-	**12.534**	10.649	-	2.834	-	**13.483**
Total Assets	157.793	61.734	4.919	-	**224.446**	126.964	-	6.168	-	**133.132**

* Pluripharm result as from 29 July 2020.

Geographical allocation of revenue and non-current operating assets

	2020		2019	
EUR'000	**Revenue**	**Non-current operating assets**	**Revenue**	**Non-current operating assets**
Denmark	54.654	18.147	56.338	15.705
Germany	258.886	167	224.280	196
The Netherlands	148.437	18.014	33.651	2.262
Sweden	58.812	-	33.968	-
Other countries	142.812	9.527	73.292	5.198
	663.601	45.855	421.529	23.361

Non-current assets for this purpose consists of property, plant and equipment and intangible assets.

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3 **Fees paid to auditors appointed at the annual general meeting**
Fees payable to FTW Holding Group's auditor for the audit of the consolidated financial statements and other non-audit services are specified as below.

EUR'000	2020	2019
Audit	335	93
Other assurance engagements	2	33
Total audit related services	**337**	**126**
Tax consultancy	33	49
Other non-audit services	9	227
Total fee to EY	**379**	**402**

The costs are recognised in the consolidated income statement as Other external costs.

4 **Staff costs**

EUR'000	2020	2019
Wages and salaries	29.420	21.018
Pensions, defined contribution plans	2.241	1.915
Other social security costs	539	517
Other staff costs	2.675	1.811
Share-based payment expense	332	357
Total staff costs	**35.207**	**25.618**
Of which are capitalised as intangible assets	-921	-957
Total staff costs in the income statement	**34.286**	**24.661**

	2020	2019
Average number of full-time employee (full year)	913	623

In the above is included staff costs to the Board of Directors, Executive Management and Key Management Personnel of the subsidiary Abacus Medicine A/S. The full year costs amounted to EUR 2,743 thousand (2019: EUR 2,604 thousand) for the year ended 31 December 2020, hereof pension payments of EUR 169 thousand (2019: EUR 168 thousand).
The above is split between an average of 15 members (2019: 14 members) of the Board of Directors, Executive Management and Key Management Personnel.

5 Share-based payments

Warrants have been granted to members of the board of directors, Key Management Personnel and other employees in the subsidiary Abacus Medicine A/S.

Below is a brief description of each of the active programs.

Warrant agreements entered into in December 2017 allow those eligible to subscribe for up to 81,211 new shares of EUR 0.05 each in Abacus Medicine A/S. The subscription price is EUR 4.92 per share, corresponding to a total potential subscription price of EUR 400 thousand. This warrant agreement was only allowed to be settled with shares in June 2020. The warrant scheme has been accounted for as an equity-settled program.

Warrant agreements entered into in December 2018 allow those eligible to subscribe for up to 164,719 new shares of EUR 0.05 each in Abacus Medicine A/S. This warrant agreement only allows to be settled with shares which must take place in December 2020 (85,107 shares, subscription price EUR 16.22), July 2021 (39,799 shares, subscription price EUR 10.42) and February 2022 (39,813 shares, subscription price EUR 10.16).

Warrant agreements entered into in April 2020 allow those eligble to subscribe for up to 98,200 new shares of EUR 0.05 each in Abacus Medicine A/S. The subscription price is EUR 10.16 per share, corresponding to a total potential subscription price of approximately EUR 998 thousand. This warrant agreement only allows to be settled with shares which must take place in April 2025 the latest. The warrant scheme has been accounted for as an equity-settled program.

Warrant agreements entered into in July 2020 allow those eligble to subscribe for up to 66,700 new shares of EUR 0.05 each in Abacus Medicine A/S. The subscription price is EUR 10.16 per share, corresponding to a total potential subscription price of approximately EUR 678 thousand. This warrant agreement only allows to be settled with shares which must take place in December 2020 (45,700 shares) and April 2025 the latest (21,000 shares). The warrant scheme has been accounted for as an equity-settled program.

Warrant agreements entered into in July and December 2020 allow those eligble to subscribe for up to 45,308 new shares of EUR 0.05 each in Abacus Medicine A/S. The subscription price is EUR 13.49 per share, corresponding to a total potential subscription price of EUR 611 thousand. This warrant agreement was only allowed to be settled with shares in December 2020. The warrant scheme has been accounted for as an equity-settled program.

EUR'000	**2020**	**2019**
Equity-settled expense	332	100
Cash-settled expense	-	257
Total share-based payment expense	**332**	**357**

Specification of outstanding share options

	Board of Directors	**Key managem. personnel**	**Other employees**	**Total number**	**Average exercise price per option (EUR)**
Outstanding at 31 December 2018	45.309	61.752	236.380	343.441	
Additions relating to previous years	-	37.267	-	37.267	
Forfeited	-	-	-18.390	-18.390	
Exercised	-	(24.164)	-102.291	-126.455	4,82
Outstanding at 31 December 2019	**45.309**	**74.855**	**115.699**	**235.863**	
Granted	45.308	46.350	118.550	210.208	
Forfeited	(52.364)	(22.710)	-18.181	-93.255	
Exercised	(38.253)	(64.099)	(61.470)	(163.822)	8,38
Outstanding at 31 December 2020	**0**	**34.396**	**154.598**	**188.994**	
Exercisable at 31 December 2020	-	-	-	-	

Notes

5 Share-based payments (continued)

Specification of outstanding warrants with cash settlement alternative

	Other employees (2016 program)	Total number
Outstanding at 31 December 2018	134.778	134.778
Granted	-	-
Forfeited	-8.323	-8.323
Exercised	-126.455	-126.455
Expired	-	-
Outstanding at 31 December 2019	0	0
Outstanding at 31 December 2020	**0**	**0**
Exercisable at 31 December 2020	-	-

The average remaining contractual life for the share options outstanding at 31 December 2020 was 2.5 years (2019: 2 years). The exercise prices are between EUR 10.16 - EUR 10.42 per share option (2019: EUR 4.92 - EUR 16.22).

In 2020, the expense in regards to share-based payments recognised in the income statement amounts to EUR 332 thousands (2019: EUR 357 thousands).

The following table list the inputs to the models used for the plan for the different programs:

	2020 Equity Settled	2018 Equity Settled	2017 Equity Settled
Weighted average fair values at measurement date	2.7	1,7	1,7
Weighted average share price	12.0	10,8	4,7
Exercise price	10.2-13.5	16,2	4,9
Expected volatility (%)	35%	25%	25%
Expected life of share options	1-38 months	25-39 months	30 months
Dividend yield (%)	0.0%	0,00%	0,00%
Risk-free interest rate (%)	-0.4-0.6%	0,00%	0,00%
Valuation method	Black-Scholes	Black-Scholes	Black-Scholes

The expected volatility reflects 35%, which is based on a peer Group median.

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6 Depreciation, amortisation and impairment

EUR'000	2020	2019
Amortisation, intangible assets	4.432	4.040
Depreciation, property, plant and equipment	1.816	1.150
Depreciation, right-of-use assets	1.501	1158
Total	**7.750**	**6.348**

7 Investments in subsidiaries and other investments

Name	Registered office	Ownership 2020 and voting rights	Ownership 2019 and voting rights
FTW Invest ApS	Denmark	100,0%	-
Wagner Family Holding ApS	Denmark	92,8%	92,8%
Abacus Medicine A/S	Denmark	58,1%	59,2%
Abacus Medicine Hungary KFT	Hungary	100%	100%
Abacus Medicine B.V.	The Netherlands	100%	100%
+365 Medicines GmbH	Germany	100%	100%
Abacus Medicine Berlin GmbH	Germany	100%	100%
Abacus Medicine Ltd	United Kingdom	100%	100%
Abacus Medicine Austria GmbH	Austria	100%	100%
Abacus Medicine France S.A.S.	France	100%	100%
Abacus Medicine Finland Oy	Finland	100%	100%
Abacus Medicine Ireland Ltd.	Ireland	100%	100%
PharmaSave BVBA	Belgium	100%	100%
Originalis B.V.	The Netherlands	100%	100%
Zdrave Med Ltd.	Bulgaria	100%	100%
Aposave ApS	Denmark	100%	100%
Aposave Ltd.	United Kingdom	100%	100%
Aposave Asia Ltd.	Hong Kong	100%	100%
Aposave USA Inc.	USA	100%	100%
Aposave B.V.	The Netherlands	100%	100%
Aposave Mexico S de RL de	Mexico	100%	100%
ApoSave Peru	Peru	100%	100%
Pluripharm Holding B.V.	The Netherlands	100%	-
Pluripharm Groep B.V.	The Netherlands	100%	-
Thuis-apotheek B.V.	The Netherlands	50%	-
Clinic Care Services B.V.	The Netherlands	17%	-
Pluripharm B.V.	The Netherlands	100%	-
Pluripack Alkmaar	The Netherlands	100%	-
Pluripack Zwolle	The Netherlands	100%	-
Pluripack Breda	The Netherlands	100%	-
Pluriplus B.V.	The Netherlands	100%	-
Distrimed B.V	The Netherlands	100%	-
Pluripharm Apotheek Beheer B.V.	The Netherlands	100%	-
Apotheekfonds Pharmaconnect B.V.	The Netherlands	50%	-
Pluripharm Direct B.V.	The Netherlands	100%	-
Risus Financieringen B.V.	The Netherlands	100%	-
Phardis B.V.	The Netherlands	100%	-
Instellingsapotheek B.V.	The Netherlands	100%	-
Instellingsapotheek Gelderse Vallei B.V.	The Netherlands	100%	-
Instellingsapotheek Oost B.V.	The Netherlands	100%	-
Instellingsapotheek Zuidwest B.V.	The Netherlands	100%	-
DayDose ApS	Denmark	100%	100%

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8 Finance income and expenses

EUR'000	2020	2019
Finance income		
Other finance income	187	194
Total finance income	**187**	**194**

EUR'000	2020	2019
Finance expenses		
Other finance costs	3.626	2.377
Interests, lease liabilities	95	89
Amortised loan costs	228	162
Foreign exchange loss, net	677	600
Total finance expenses	**4.626**	**3.228**

9 Income tax

EUR'000	2020	2019
Current income tax		
Current income tax charge	880	929
Adjustment in respect of current income tax of previous year	(318)	-
Deferred tax		
Relating to origination and reversal of temporary difference	178	417
Income tax expense reporting in the income statement	**740**	**1.346**

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10 Intangible assets

EUR'000	**Development costs**	**Software**	**Licenses**	**IP Rights**	**Goodwill**	**Total**
Cost 1 January 2020	316	5.719	15.898	1.097	2.905	25.935
Additions from business combinations	0	6.650	-	-	2.590	9.240
Currency translation	-	23	-14	-	11	20
Additions	-	42	2.283	-	-	2.325
Additions internally developed	1.975	-	2.595	-	-	4.570
Reclassification	(2.291)	2.291	-	-	-	-
Disposals	-	-	-640	-	-	(640)
Cost 31 December 2020	0	14.725	20.122	1.097	5.506	41.450
Amortisation and impairment 1 January 2020	-	871	5.975	1.097	582	8.525
Currency translation	-	6	-36	-	-	-30
Amortisation	-	1.409	2.317	-	-	3.726
Write-downs	-	-	308	-	398	706
Disposals	-	-	-628	-	-	-628
Amortisation and impairment 31 December 2020	-	2.286	7.936	1.097	980	12.299
Carrying amount 31 December 2020	**0**	**12.439**	**12.186**	**0**	**4.526**	**29.151**

Development costs comprise capitalised expenses for the new ERP system for Abacus Medicine Group, which was taken into use in 2020.

Software is amortised over 3-10 years and Licenses are amortised over 5-8 years. There have been no indications of impairment of the intangible assets.

Goodwill was recognised as a part of the acquisition of the Aposave entities on 21 December 2017 and the Pluripharm Group on 29 July 2020. Goodwill is amortised over 10 years. There have been no indications of impairment of the Goodwill.

11 Property, plant and equipment

EUR'000	**Land & Buildings**	**Leasehold improvements**	**Other fixtures and fittings, plant and equipment**	**Total**
Cost 1 January 2020	-	1.381	4.280	5.661
Additions from business combinations	3.750	-	4.216	7.966
Currency translation	-	(71)	(192)	-263
Additions	54	113	1.864	2.031
Disposals	-	-	-	-
Cost 31 December 2020	3.804	1.423	10.168	15.395
Depreciation and impairment 1 January 2020	-	595	1.765	2.360
Currency translation	-	(44)	(89)	-133
Depreciation	113	214	1.489	1.816
Disposals	-	-	-	-
Depreciation and impairment 31 December 2020	113	765	3.165	4.043
Carrying amount 31 December 2020	**3.691**	**658**	**7.003**	**11.352**

Consolidated financial statements 1 January – 31 December

Notes

12 Leases (IFRS 16)

EUR'000	Buildings	Other fixed assets	Total
Right-of-use assets			
Opening balance at 1 January 2020	2.115	535	2.650
Additions from business combinations	272	206	478
Additions	196	1.235	1.431
Disposals	-	(303)	(303)
Depreciation	(1.103)	(398)	(1.501)
Remeasurement of lease liabilities	2.597	-	2.597
Carrying amount at 31 December 2020	**4.077**	**1.275**	**5.352**

Leasing liabilities

Maturity analysis - contractual undiscounted cash flows	**2020**	**2019**
Less than 1 year	1.825	1.311
Between 1 and 5 years	3.649	2.670
More than 5 years	-	-
The undiscounted cash flows	**5.474**	**3.981**
Lease liability recognised on the balance sheet	**5.384**	**2.742**
Current lease liability	1.776	1.248
Non-current lease liability	3.608	1.494
Amount recognised in the income statement		
Interest expense from lease liabilities	95	89
Lease expenses for short-term leases	26	90
Total	**121**	**179**

In 2020, the Group paid EUR 1,599 thousand (2019: EUR 1,154 thousand) on lease contracts of which interest payments related to lease liabilities amount to EUR 95 thousand (2019: EUR 89 thousand) and down payments on lease liabilities amounts to EUR 1,504 thousand (2019: EUR 1,065 thousand).

Costs recognised in the period for short-term leases were EUR 26 thousand (2019: EUR 90 thousand) and low-value leases were EUR 0 thousand (2019: EUR 0 thousand). Expenses are recognised on a straight-line basis as Other external costs.

Consolidated financial statements 1 January – 31 December

Notes

13 Other receivables

EUR'000	**2020**	**2019**
Deposits AL-Finans regarding factoring agreement	5.734	4.687
Other receivables	5.943	3.548
Total	**11.677**	**8.235**

The subsidiary Abacus Medicine Group's customers are mainly wholesalers and pharmacies. In general, all Abacus Medicine's invoices to customers are sold to or financed by a factoring company which limits the trade receivable risk and days. Further, management monitors payment patterns of the customers and estimates the need for writedowns. Credit ratings, insurance of customers and market-specific development are taken into account in order to assess the need for further write-downs.

Abacus Medicine Group has historically not suffered any significant losses. Allowance for bad debt amounts to EUR 0.5 million as of 31 December 2020 (2019: EUR 0 million).

14 Non-controlling interests

EUR'000	**2020**	**2019**
Non-controlling interests at 1 January	22.936	1.837
Share of profit for the period	-15	586
Equity movements etc.	1.031	20.513
Non-controlling interests at 31 December	**23.952**	**22.936**

Consolidated financial statements 1 January – 31 December

Notes

15 Deferred tax

EUR'000	**2020**	**2019**
Deferred tax 1 January	-2.428	-1.803
Additions from business combination	3.075	0
Currency translation	-13	0
Deferred tax for the year recognised in the income statement	-178	-417
Deferred tax for the year recognised on equity	46	-208
Deferred tax 31 December	502	-2.428

Reflected in the statement of financial position as follows:

Deferred tax assets	3.657	78
Deferred tax liabilities	-3.155	-2.506
Deferred tax 31 December	502	-2.428

Deferred tax relates to:

Intangible assets	-3.751	-2.969
Cash flow hedge reserve	12	-34
Tax losses carried forward	3.471	
Other assets and liabilities, net	770	575
Deferred tax 31 December	502	-2.428

16 Borrowings

EUR'000	**2020**	**2019**
Non-current		
Credit institutions and banks	0	0
Total non-current	**0**	**0**
Current		
Credit institutions and banks	52.588	31.273
Factoring	18.554	0
Total current	**71.142**	**31.273**

Wagner Family Holding has a credit facility of EUR 2 million secured by way of a pledge on a number of shares in Abacus Medicine A/S.

Abacus Medicine has a committed credit facility with Danske Bank, with a maximum credit limit of EUR 74 million (DKK 550 million). The bank credit facility is renegotiated on a three year basis. Next renegotiation is in 2023. As of 31 December 2020 the leverage covenant of the committed facility was breached. Abacus Medicine has received a waiver for the breach.

Abacus Medicine A/S acquired Pluripharm Group 29 July 2020. Loan facility in Pluripharm Group was as of the acquisition date in technical breach with its covenant related to the loan. Pluripharm Group has received a waiver for the breach. Consequently, the facility is presented as current in the balance sheet at 31 December 2020. Renegotiations with the bank regarding financing and terms has been initiated.

17 Other payables

EUR'000	**2020**	**2019**
Non-current		
Employee related payables	1.251	412
Total non-current	**1.251**	**412**
Current		
VAT payables	11.679	9.482
Employee related payables	4.626	1.829
Other payables	1.133	2.557
Total current	**17.438**	**13.868**

Consolidated financial statements 1 January – 31 December

Notes

18 Provisions
EUR'000

	2020	2019
At 1 January	4.243	2.159
Arising during the period	6.008	4.243
Utilised	-4.243	-2.159
Unused amounts reversed	0	0
At 31 December	6.008	4.243
Current	6.008	4.243
Non-current	-	-

Provisions comprise provisions for sold products expected to be returned in the coming year. The return provision is utilised during the financial year.

19 Deferred income
Deferred income consists of payments received from customers that cannot be recognised as revenue until in the subsequent financial year.

20 Change in working capital

EUR'000	2020	2019
Change in inventory	-28.248	-6.261
Change in receivables	-6.650	-15.149
Change in trade payables etc.	11.565	-19.602
Total	**-23.333**	**-41.012**

21 Contractual obligations and contingencies etc.
Contingent liabilities
The parent company is jointly taxed with the Danish entities within the FTW Holding ApS Group, with FTW Holding ApS as the administrative company. The parent company is, together with the other Danish companies in FTW Holding ApS Group, liable for corporate taxes and withholding taxes on dividends, interests and royalties.

In December 2020, the subsidiary Abacus Medicine A/S entered into a new rent contract for a new headquarter of Abacus Medicine A/S. With the new contract the company has made a commitment of at least three years with a 12 months period of notice of termination, totalling a contingent liability of EUR 5.1 million.

Abacus Medicine Group is currently party to certain lawsuits, disputes etc. of various scopes. In management's opinion, apart from items recognised in the statement of financial position or disclosed in the financial statements, the outcome of these lawsuits, disputes etc., individually and in the aggregate, is not expected to have a material impact on Abacus Medicine's financial position.

22 Mortgage and collateral

Bank debt of EUR 2 million within Wagner Family Holding has been secured by way of a pledge on a number of shares in Abacus Medicine A/S.

Bank debt of EUR 47 million within Abacus Medicine has been secured by way of a pledge on all of Abacus Medicine's existing as well as future receivables, totalling EUR 31 million (2019: EUR 32 million), in intangible assets totalling EUR 17 million (2019: EUR 18 million), plant and equipment totaling EUR 2 million (2019: EUR 3 million) and inventories totalling EUR 95 million (2019: EUR 68 million).

In addition, the shares in the subsidiary Abacus Medicine Hungary KFT, totalling EUR 2.4 million (2019: EUR 1.1 million), and the shares in the subsidiary Abacus Medicine Berlin Gmbh, totalling EUR 0.4 million (2019: EUR 0.5 million), have been provided as collateral.

Bank debt of EUR 4 million within Pluripharm has been secured by way of a pledge on the property totalling EUR 4 million. Further Pluripharm has factoring arrangement of EUR 19 million with ABN AMRO, which has dedicated trade receivables as collateral.

Consolidated financial statements 1 January – 31 December

Notes

23 Financial risk and financial instruments

The subsidiary Abacus Medicine A/S uses cash flow hedges as part of hedging highly proable forecast sales and purchases in other currencies than EUR. Historically this has mainly been SEK, GBP and NOK. Hedge of HUF relates to the production costs in Hungary. The fair value of the hedges has been recognised under "Other payables" and equity under the FX hedge reserve. The table below shows the timing of the nominal values of the subsidiary Abacus Medicine's hedging items:

	Nominal value	Expiry below 1 year	Expiry 1-5 years	Expiry above 5 years	Average hedging price	Fair value assets	Fair value liabilities	Change in fair value used for measuring cash flow hedge reserve
2020								
SEK/EUR	32.119	32.119	-	-	1 SEK/1 EUR	-	53	(53)
						-	53	(53)
2019								
SEK/DKK	20.388	20.388	-	-	1 SEK/1 DKK	-	17	(17)
DKK/GBP	8.400	8.400	-	-	1 DKK/1 GBP	108	-	108
DKK/HUF	78.000	78.000	-	-	1 DKK/1 HUF	65	-	65
						173	17	156

Consolidated financial statements 1 January – 31 December

Notes

24 Related party disclosures
The related parties of FTW Holding ApS comprise the following:

Related party	Residence	Reason for related party
Flemming Wagner Tina Wagner	Gammel Kongevej 105, 05. tv. 1850 Frederiksberg C	Shareholders

The following shareholders are registered with an ownership share exceeding 5%:

Shareholder	Residence
Flemming Wagner Tina Wagner	Gammel Kongevej 105, 05. tv. 1850 Frederiksberg C

Executives
The FTW Holding ApS's related parties with significant influence includes the Board of Directors in the subsidiary Abacus Medicine A/S and executives in the parent company, including these employees' family members, and entities in which these executives have a significant influence.

The remuneration to executives is disclosed in note 4.

25 Business combinations

Acquisition of Pluripharm Holding B.V. (previously Goofy-Sam Holding B.V.)
In July 2020, Abacus Medicine A/S acquired the Dutch wholesaler Pluripharm Groep B.V. and all shares in its parent company, Pluripharm Holding B.V., in a deal combining a cash injection and conversions of loans and trade receivables. Pluripharm is a full-range wholesaler of pharmaceuticals, medical devices and related products and services to pharmacies and hospitals.

Consideration transferred
The consideration transferred for the shares in Pluripharm Holding B.V. was EUR 1 and subsequently a capital contributions in cash (EUR 8.5 million) and remission of debt (EUR 7.2 million) has been made.

26 Events after the reporting period
No events have occurred after the balance sheet date which could have a material effect on FTW Holding ApS' financial position at 31 December 2020.

Parent Company financial statements 1 January – 31 December

Income statement

Note	EUR'000	2020	2019
	Other external costs	-89	-22
	Staff costs	-14	-
	Operating profit	**-103**	**-22**
2	Share of profit from subsidiaries accounted under the equity method	62	4.789
	Finance expenses	-416	-1
	Profit before tax	**-457**	**4.766**
3	Tax	23	5
	Profit for the period	**-433**	**4.771**

Distribution of profit

Proposed distribution of profit		
Transferred to reserve for net revaluation according to the equity method	62	4.789
Retained earnings	-2.109	-18
Proposed dividends	1.613	-
	-433	**4.771**

Parent Company financial statements 1 January – 31 December

Balance sheet

Note	EUR'000	2020	2019
	ASSETS		
	Non-current assets		
2	Investments in subsidiaries and other investments	27.936	27.536
	Total non-current assets	**27.936**	**27.536**
	Current assets		
	Receivables from group entities	789	594
	Income tax receivables	794	9
	Other receivables	275	-
	Cash	4.537	5.784
	Total current assets	**6.395**	**6.387**
	TOTAL ASSETS	**34.331**	**33.923**
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	16	15
	Reserve for net revaluation according to the equity method	21.157	20.781
	Retained earnings	10.435	12.497
	Proposed dividends	1.613	-
	Total equity	**33.221**	**33.293**
	Current liabilities		
	Payable to from group enterprises	337	25
	Tax payable	752	594
	Other payables	21	11
	Total current liabilities	**1.110**	**630**
	Total liabilities	**1.110**	**630**
	TOTAL EQUITY AND LIABILITIES	**34.331**	**33.923**

4 Contractual obligations and contingencies etc.
5 Mortgage and collateral
6 Related party disclosures
7 Events after the reporting period

Parent Company financial statements 1 January – 31 December

Statement of changes in equity

EUR'000

	Share capital	Reverse for net re-valuation according to the equity method	Retained earnings	Proposed Dividends	Total
Equity 1 January 2020	**15**	**20.781**	**12.497**	**-**	**33.293**
Capital injection	1	-	23	-	24
Profit for the year	-	62	-2.109	1.613	-433
Equity movements in subsidiary, etc.	-	314	24	-	338
Equity 31 December 2020	**16**	**21.157**	**10.435**	**1.613**	**33.221**
Equity 1 January 2019	**15**	**1.631**	**6.727**	**-**	**8.373**
Profit for the period	-	4.789	-18	-	4.771
Equity movements in subsidiary, etc.	-	14.361	5.788	-	20.149
Equity 31 December 2019	**15**	**20.781**	**12.497**	**-**	**33.293**

The share capital consist of 116.995 shares with a nominal value of 1.00 DKK each. None of the shares are assigned with special rights.

The share capital has since the establisment of the Company in September 2018 been increased with nominal shares of 2.000 in 2019 and 35 in 2020.

Parent Company financial statements 1 January – 31 December

Overview of notes for the parent company

Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies

For general information about the Parent Company, FTW Holding ApS, including description of its principal activities, reference is made to note 1 in the consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year

Basis of preparation

The Financial statements of FTW Holding ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with the adoption of individual requirements for class C.

The Financial Statements for 2020 are presented in EUR.

Financial statements of the Parent Company

The accounting policies of the Parent Company are consistent with those applied in the consolidated financial statements, note 1 in the consolidated financial statements, including the below accounting policies for investments in group subsidiaries.

Investments in Group subsidiaries

The Parent's investments in its subsidiaries are accounted for using the equity method. FTW Holding ApS has chosen to consider the equity method as a consolidation method.

Under the equity method, an investment in the subsidiary is initially recognised at cost. The carrying amount of the investment is adjusted to recognize changes in the parent's share of net assets of the subsidiary since the acquisition date. Goodwill relating to the subsidiary is included in the carrying amount of the investment and is not tested for impairment separately, however the carrying amount of the investments in subsidiaries is subject to an annual test for indications of impairment. Goodwill in subsidiaries is amortised over 10 years.

The statement of profit or loss reflects the parent's share of the results of operations of the subsidiaries. Any change in other comprehensive income of those subsidiaries is presented as part of the parent's other comprehensive income. In addition, where a change has been recognised directly in the equity of the subsidiary, the Parent recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Parent and the subsidiary are eliminated.

Investments in enterprises with negative net asset values are measured at DKK 0 (nil). The enterprise's proportionate share of any negative equity is set off against receivables from the investment to the extent the receivable is deemed irrecoverable. If the Parent Company has a constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluations of the investments in subsidiaries are transferred to the reserve for net revaluation, according to the equity method, to the extent that the carrying amount exceeds the acquisition value.

Reserve for net revaluation according to the equity method

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method if the earnings amount exceeds the costs.

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.

Parent Company financial statements 1 January – 31 December

Notes

2 Investments in subsidiaries and other investments

Name	Registered office	Ownership 2020 and voting rights	Ownership 2019 and voting rights
FTW Invest ApS	Denmark	100,0%	-
Wagner Family Holding ApS	Denmark	92,8%	92,8%
Abacus Medicine A/S	Denmark	58,1%	59,2%
Abacus Medicine Hungary KFT	Hungary	100%	100%
Abacus Medicine B.V.	The Netherlands	100%	100%
+365 Medicines GmbH	Germany	100%	100%
Abacus Medicine Berlin GmbH	Germany	100%	100%
Abacus Medicine Ltd	United Kingdom	100%	100%
Abacus Medicine Austria GmbH	Austria	100%	100%
Abacus Medicine France S.A.S.	France	100%	100%
Abacus Medicine Finland Oy	Finland	100%	100%
Abacus Medicine Ireland Ltd.	Ireland	100%	100%
PharmaSave BVBA	Belgium	100%	100%
Originalis B.V.	The Netherlands	100%	100%
Zdrave Med Ltd.	Bulgaria	100%	100%
Aposave ApS	Denmark	100%	100%
Aposave Ltd.	United Kingdom	100%	100%
Aposave Asia Ltd.	Hong Kong	100%	100%
Aposave USA Inc.	USA	100%	100%
Aposave B.V.	The Netherlands	100%	100%
Aposave Mexico S de RL de	Mexico	100%	100%
ApoSave Peru	Peru	100%	100%
Pluripharm Holding B.V.	The Netherlands	100%	-
Pluripharm Groep B.V.	The Netherlands	100%	-
Thuis-apotheek B.V.	The Netherlands	50%	-
Clinic Care Services B.V.	The Netherlands	17%	-
Pluripharm B.V.	The Netherlands	100%	-
Pluripack Alkmaar	The Netherlands	100%	-
Pluripack Zwolle	The Netherlands	100%	-
Pluripack Breda	The Netherlands	100%	-
Pluriplus B.V.	The Netherlands	100%	-
Distrimed B.V	The Netherlands	100%	-
Pluripharm Apotheek Beheer B.V.	The Netherlands	100%	-
Apotheekfonds Pharmaconnect B.V.	The Netherlands	100%	-
Pluripharm Direct B.V.	The Netherlands	100%	-
Risus Financieringen B.V.	The Netherlands	100%	-
Phardis B.V.	The Netherlands	100%	-
Instellingsapotheek B.V.	The Netherlands	100%	-
Instellingsapotheek Gelderse Vallei B.V.	The Netherlands	100%	-
Instellingsapotheek Oost B.V.	The Netherlands	100%	-
Instellingsapotheek Zuidwest B.V.	The Netherlands	100%	-
DayDose ApS	Denmark	100%	100%

Parent Company financial statements 1 January – 31 December

Notes

EUR'000	**2020**	**2019**
Cost as at 1 January	6.755	6.755
Addition	24	0
Cost as at 31 December	6.779	6.755
Value adjustments as at 1 January	20.781	1.631
Ownership portion of profit for the year	62	4.789
Ownership portion of equity movement in subsidiary etc.	314	14.361
Value adjustments as at 31 December	21.157	20.781
Carrying value as at 31 December	**27.936**	**27.536**
Which are presented as follows:		
Investments in Subsidiaries	27.936	27.536
As at 31 December	**27.936**	**27.536**

Parent Company financial statements 1 January – 31 December

Notes

3 Tax
Income statement

EUR'000	2020	2019
Current income tax	23	9
Relating to origination and reversal of temporary difference	-	-4
Tax	**23**	**5**

Deferred tax
Balance sheet

	2020	2019
Deferred tax 1 January	-	4
Deferred tax for the year recognised in profit for the year	-	-4
Deferred tax 31 December	**0**	**0**

4 Contractual obligations and contingencies etc.
Contingent liabilities
FTW Holding ApS is jointly taxed with the Danish entities within the FTW Holding ApS group, with FTW Holding ApS as the administrative company. FTW Holding ApS is, together with the other Danish companies in FTW Holding ApS group, liable for corporate taxes and withholding taxes on dividends, interests and royalties.

5 Mortgage and collateral
For information on mortgage and collateral for the Group, please refer back to the note 22 in the consolidated financial statements. The parent company has no pledges or collaterals.

FTW Holding ApS has pledged the shares in Wagner Family Holding ApS as security for the bank loans within the Group. For detailed desciption of terms and amounts please refer back to note 22 in the consolidated financial statements.

6 Related party disclosures
Controlling Influence
The related parties of FTW Holding ApS is disclosed in note 24 of the consolidated financial statements.

7 Events after the reporting period
No events have occurred after the balance sheet date which could have a material effect on FTW Holding ApS' financial position at 31 December 2020.

Statement by Management on the annual report

Today, the Executive Management have discussed and approved the Annual Report of FTW Holding ApS for the financial year 1 January – 31 December 2020.

The annual report is presented 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 Group's and the Parent Company's financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations and the Group's cash flow for the financial year 1 January – 31 December 2020.

In our opinion, the Management's Review includes a true and fair review of the development in the Group's and the Parent Company's operations and financial conditions, of the results for the year and of the financial position of the Group and the Parent Company, as well as a description of the more significant risks and uncertainty facing the Group and the Parent Company.

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

Copenhagen, 24 June 2021
Executive Management:

…………………………………………
Flemming Wagner
CEO

Independent auditor's reports

To the shareholders of FTW Holding ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of FTW Holding ApS for the financial year 1 January – 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. 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 2020 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2020 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 consolidated financial statements and the parent company financial statements" (hereinafter 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 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 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.

Independent auditor's report

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 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 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 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.

Independent auditor's report

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.

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, 24 June 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Gath
State Authorised
Public Accountant
mne19718

Ole Becker
State Authorised
Public Accountant
mne33732

PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Flemming Wagner
Executive Management
On behalf of: FTW Holding ApS
Serial number: PID:9208-2002-2-571632621434
IP: 217.63.xxx.xxx
2021-06-24 08:39:03Z
NEM ID

Peter Gath
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:1268145678673
IP: 80.161.xxx.xxx
2021-06-24 08:42:00Z
NEM ID

Ole Becker
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:65669285
IP: 91.100.xxx.xxx
2021-06-24 08:43:13Z
NEM ID

Torben Mauritzen
Chairman
On behalf of: FTW Holding ApS
Serial number: PID:9208-2002-2-734117301583
IP: 86.48.xxx.xxx
2021-06-24 10:44:32Z
NEM ID