

HBS Capital ApS

**Platanvej 5
5230 Odense M**

Central Business Registration no. 41 00 08 80

Annual report 2019

The Annual General Meeting adopted the annual report on 20/6 2020

Chairman of the General Meeting:

Hans Carl Bøgh-Sørensen

HBS Capital ApS

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HBS Capital ApS

Company details

Company

HBS Capital ApS

Platanvej 5

5230 Odense M

Central Business Registration No: 41 00 08 80

Registered in: Odense

Executive Board

Hans Carl Bøgh-Sørensen, Chief Executive Officer

Company auditors

Deloitte Statsautoriseret Revisionspartnerselskab

HBS Capital ApS

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of HBS Capital ApS for the financial year 01.01.2019 - 31.12.2019.

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

In my opinion, the financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's assets, liabilities and financial position at 31.12.2019 and of their financial performance and cash flow's for the financial year 01.01.2019 - 31.12.2019.

I also find that the Management commentary provides a fair statement of developments in the activities and financial situation of the Group and the Parent, financial results for the period, the general financial position of the Group and the Parent, and a description of conditions referred to therein.

I recommend the Annual Report to be approved at the Annual General Meeting.

Odense, 20. June 2020

Executive Board

Hans Carl Bøgh-Sørensen
Chief Executive Officer

Independent auditor's report

To the shareholders of HBS Capital ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of HBS Capital ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

HBS Capital ApS

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

HBS Capital ApS

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

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

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

Copenhagen, 20. June 2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR-nr. 33963556

Nikolaj Thomsen

State-Authorised

Public Accountant

MNE Number mne33 276

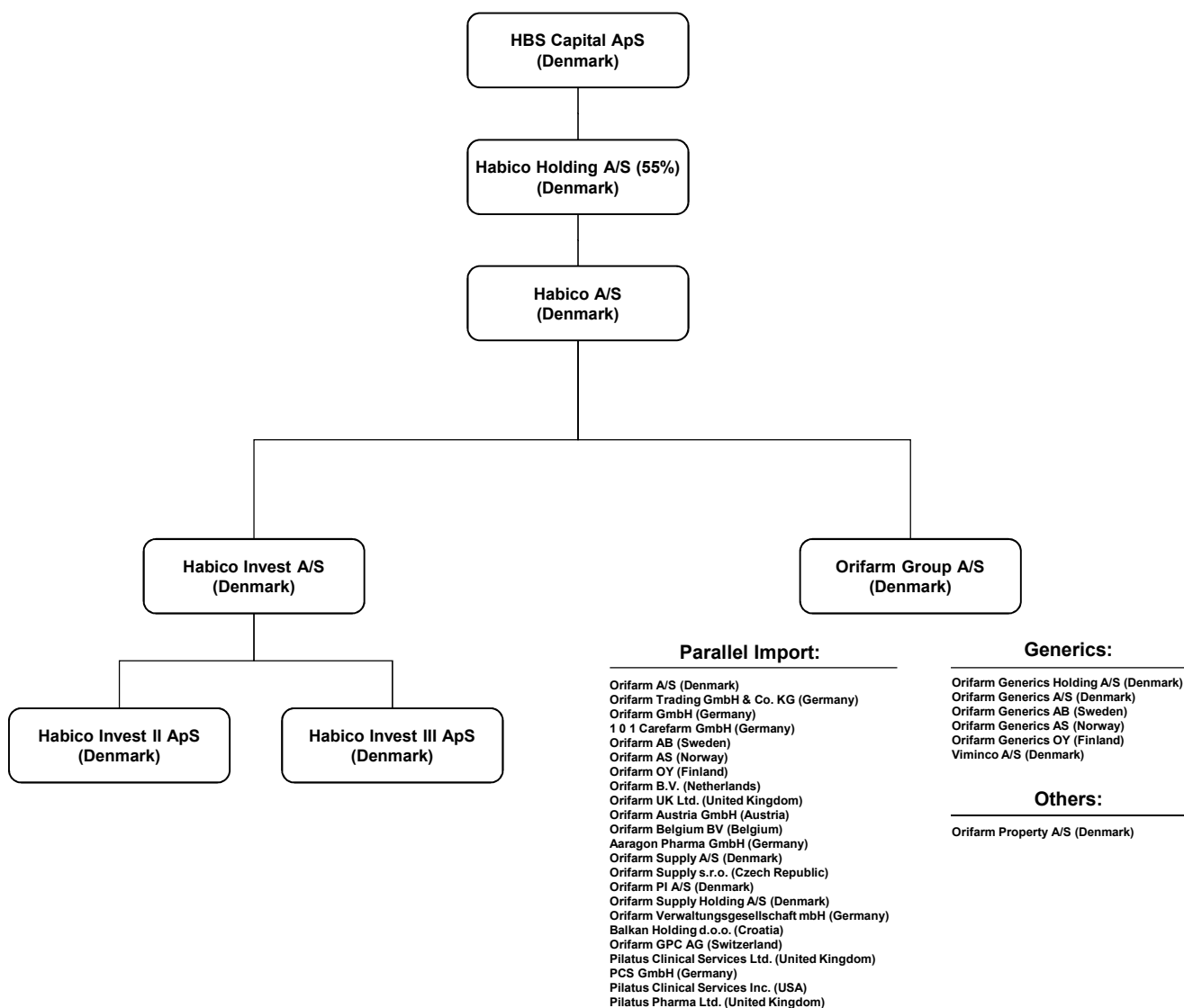
Jens Rene Serup

State-Authorised

Public Accountant

MNE Number mne45 825

Group structure



* If no other % is mentioned the ownership is 100%

Management's Commentary

Financial highlights of the Group

<i>(mio. EUR)</i>	2019
Key figures	
Revenue	981,6
Gross profit	150,7
Operating income	46,8
Net financials	-0,1
Profit for the year (before minority interests)	34,6
Investments in Tangible fixed assets	7,9
Inventories	189,4
Receivables from sales	113,2
Equity	179,2
Total assets	447,6
Ratios	
Gross margin (%)	15,4
Operating margin (%)	4,8
Equity ratio (%)	40,0
Return on equity (%)	20,7

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Management's Commentary

Company Presentation

HBS Capital was founded during 2019 with the purpose of being the owner of Habico Holding A/S.

The Group is an ambitious operator in the European market for pharmaceuticals, and our ambition is to supply high quality pharmaceuticals at a lower price. In other words: We offer consumers and societies more healthcare for their money.

The Group consists of two main business areas: Orifarm Parallel Import and Orifarm Generics.

Common to both business areas is healthcare business model innovation. This is expressed in the Group's mission statement which is "*Challenging the pharmaceutical market*".

The Group's vision - "*We want to be number 1 in making healthcare a better deal*" - expresses the general objective. "A better deal" refers not only to savings, but also to how the Group delivers solutions, that meet its stakeholder's needs. The Group's operating activities are guided by our values which are Flexibility, Ambition, Responsibility and Customer Centricity.

HBS Capital Group also includes the "Habico Family Office", covering a wide range of investments. The investments are made to ensure diversified and stable returns.

Orifarm Parallel Import

Orifarm Parallel Import was established in 1994 in response to significant price differentials for identical pharmaceuticals across EU Member States. Pharmaceuticals are imported from EU/EEA Member States where original pharmaceutical producers sell their preparations at prices, that are lower than what they demand for the identical products in e.g. the Nordic countries or Germany. In doing so, Orifarm is depending on the principle of free movement of goods within the EU/EEA.

Orifarm Parallel Import's activities have led to lower prices of pharmaceuticals and thus savings benefitting both patients and society at large in the markets in which it operates.

Despite the principles of free movement of goods within the EU/EEA, and without regard for the fact that the efforts of Orifarm Parallel Import and its competitors have led to lower costs of pharmaceuticals, various barriers to the parallel import trade are still being tolerated by the EU; see section entitled "Obstacles to healthcare cost savings generated by the Parallel Import trade" below.

Orifarm Generics

Orifarm entered the generic pharmaceuticals market in the Nordic countries in 2001. Generic pharmaceuticals can be produced and marketed once the original manufacturer's patent expires and thereby its exclusive rights lapse. Generic competition normally lowers prices on pharmaceuticals significantly which benefits patients and society at large.

Orifarm Generics has established a broad range of generic preparations, including both prescription and over-the-counter products.

Review of Financial Performance in 2019

Management's Commentary

2019 was a record breaking year. Both revenue and earnings grew. The two main business units, Orifarm Parallel Import and Orifarm Generics, showed excellent development and both contributed to the very strong result. The acquisition of the UK based company Pilatus added new business areas to the Group and is part of the strategy for future growth of Orifarm.

- The revenue increased by 17.7% to MEUR 982
- Operating income excl. non-recurring items increased by MEUR 7.8 to MEUR 47.5.
- Earnings before tax increased by 27% to MEUR 45.3
- Orifarm Parallel Import's revenue totalled MEUR 899.
- Orifarm Generics' revenue totalled MEUR 83.

The entry into force of the Falsified Medicines Directive (FMD) in February 2019, was from the beginning successfully implemented in Orifarm's entities.

The acquisition of Pilatus Comparator Solutions, based in London, added the business areas Unlicensed Medicine and Comparator Sourcing to Orifarm, and added new attractive markets and growth potential to Orifarm as well. With an office in New Jersey it also marked Orifarm's entry into North America.

To secure future growth in 2020 the Group will focus on mainly 3 areas: Secure a high number of product launches within Orifarm Parallel Import, launch new products from a strong pipeline within Orifarm Generics and expand the new business areas of Unlicensed Medicine and Comparator Sourcing. In addition, the Group is also looking into acquisitions with synergies to the existing business areas.

The revenue increased by 17.7% to MEUR 982 through dedicated focus on new market entries, organic growth in mature markets, and optimization of internal processes and procedures in both Parallel Import and Generics.

Number of units of pharmaceuticals sold increased by 2.7% to 26.2 million units.

The gross margin decreased by 0.3 percentage points to 15.4%.

The operating margin increased to 4.8% and amounted to MEUR 46.8. Operating income excl. non-recurring items increased by MEUR 7.8 to MEUR 47.5. Non-recurring items are mainly driven by acquisitions and costs related thereto.

2019 Performance Highlights – Orifarm Parallel Import

- Despite challenging market conditions, Orifarm Parallel Import achieved strong growth in revenues contributing to a significant improvement in net result
- Orifarm Parallel Import's revenues increased by 19.0% to MEUR 899
- The German market was the main driver of the significant growth in revenue. Despite fierce competition, Orifarm strengthened its market shares.
- Orifarm Parallel Import strengthened its leading position as Europe's largest parallel importer of pharmaceuticals

Management's Commentary

- Orifarm Parallel Import kept record high number of product launches, despite huge administrative delays from EMA (European Medicines Agency) caused by EMA's relocation from London to Amsterdam
- In both Finland, Austria, and the United Kingdom, Orifarm Parallel Import managed to increase the revenues
- In Sweden, Orifarm continued to be challenged by the weak currency and both revenue and earnings decreased
- The acquisition of Pilatus added new business areas and synergies to the existing parallel import business

2019 Performance Highlights – Orifarm Generics

- Orifarm Generics has reversed the negative trend in earnings from 2018 and increased both revenue and earnings.
- Orifarm Generics' revenues totalled MEUR 83
- In both Finland and Norway, Orifarm Generics increased revenues significantly
- In Sweden, the revenues was close to status quo but succeeded in gaining additional market shares

2019 Performance Highlights – Other investments Family Office

- The annual result for 2019 is positively impacted from a revaluation of value on unlisted securities of MEUR 3.6 and negatively impacted from impairment of investment with a total of MEUR 3.

Obstacles to Healthcare Cost Savings Generated by the Parallel Import trade

A series of measures undertaken by original producers and by some EU Member States hamper trade in pharmaceuticals and reduce HBS Capital's ability to grow its parallel-import business:

Quota systems

A number of the world's biggest pharmaceutical manufacturers have introduced quota systems for selling pharmaceuticals in the EU. In some cases, pharmaceutical manufacturers have gone even further and stopped deliveries to wholesalers who are re-exporting pharmaceuticals. This practise limits HBS Capital's sourcing opportunities and consequently also the capacity to increase sales of the lower priced parallel imported pharmaceuticals. In HBS Capital's view, quota systems are in breach of the EU Treaty because they let pharmaceutical manufacturers restrict competition within the EU.

Export bans

Management's Commentary

Several EU Member States have introduced or attempted to introduce bans on exports of pharmaceuticals to other member states or have hampered exports by imposing notification obligations to exporters for authorities' approval prior to export. Export bans and disproportionate export barriers violate the EU Treaty's provisions on the free movement of goods and may change HBS Capital's entire business model. We therefore strongly object to such measures. The European Commission is regularly informed about developments and in this context we note that the Commission is currently investigating the extent of such export restrictions with the purpose of potential political intervention.

Dual pricing

In Spain, a number of multinational pharmaceutical manufacturers have established or maintained – supported by a legal framework initiated by the Government – a dual pricing system. Dual pricing forces pharmaceutical manufacturers to sell their products at an artificially inflated price to Spanish pharmaceutical wholesalers. However, if the wholesalers can document, that the products are intended for domestic sale and not for re-export, the wholesalers will receive a discount bringing the price to the 'normal' Spanish price level. For parallel importers, the dual pricing system, therefore, means that one of the EU's fundamental principles - free movement of goods between union members states - is effectively overruled. In HBS Capital's opinion, dual pricing violates the competition provisions set out in the EU Treaty.

Nonetheless, despite these trade restrictions, HBS Capital has continued to provide its customers with stable deliveries of goods by cultivating new procurement countries and channels.

Special Risks

Operating conditions

To a significant extent, consolidated earnings depend on legislative measures that affect the pricing of pharmaceuticals in both the purchase and the sales countries. Earnings are also affected by measures in the sales countries which are intended to limit the consumption of pharmaceuticals.

For the business area Parallel Import, it is HBS Capital's policy to avoid infringing trademark rights, and HBS Capital is not currently involved in any major pending litigation of this kind.

For the business area Orifarm Generics, HBS Capital policy states that infringing patent rights should be avoided. However, since patent holders have a significant commercial interest in defending market monopolies, that exceed the protections granted by a given patent, and since manufactures of generic products have an interest in challenging the market at patent expiry, disputes and litigation are difficult to avoid. HBS Capital is from time to time involved in pending legal proceedings. The outcome of these may affect HBS Capital's earnings.

Financial matters

Due to its holding of a portfolio of equities, the Group is exposed to fluctuations in the financial markets. At the end of the year, the market value of the Group's unlisted equities amounted to MEUR 15.8.

HBS Capital is exposed to fluctuations in foreign exchange rates and interest rate levels. These risks are mitigated through hedge in accordance with the Group's policy. Exchange rate risks are primarily related to the currencies SEK, CZK, and GBP.

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Management's Commentary

A 1 percentage point change in the interest rate level affects the Group's earnings net by approx. MEUR 1.3.

HBS Capital's financial risks, including its cash management and extension of credits, are managed centrally. The aim is to maintain a low risk profile.

Recognition and measurement uncertainties

Investment portfolio equities are recognised at fair value. Investments in Private Equity funds are measured at an estimated market value of the assets in the underlying funds based on the most recent reports from these funds.

Culture and Employees

It is HBS Capital's objective to be leading supplier of parallel-imported pharmaceuticals in the Nordic countries, Germany, Austria, Holland, UK, and Belgium, and a leading supplier of generic pharmaceuticals in the Nordic countries.

We believe that our results and the competencies, commitment, and well-being of our employees are intertwined. That is why, we are constantly seeking to maintain high motivation, engagement, and develop our employees' knowledge and competencies, which in turn strengthen HBS Capital's results and growth-oriented culture.

In HBS Capital we believe, that diversity is very important to employees as well as to business. Consequently, the company is stressing internal efforts to constantly increase diversity across gender, age, and culture and hence to e.g. onboard and integrate employees of diverse ethnic backgrounds. We see the potential of each employee, and create opportunities for everyone to develop at work and contribute to our business, irrespective of their gender, age, ethnicity, disability, or other personal characteristics, and the level of internationalization in HBS Capital has increased significantly in recent years.

HBS Capital is working strategically with digitalizing and are developing and introducing new tools and ways to solve tasks faster and smarter. The goal is not to reduce the number of employees, but to fulfill the full potential of the employees and the business of Orifarm. Through education and training the employees are getting new digital skills, and as a result, tasks are easier solved across borders and some of the bottlenecks are avoided.

A large number of student assistants are part-time employed at HBS Capital. HBS Capital wants to support the educational institutions, and to give the students the opportunity to combine theory with practice in a modern company. The students are shown a lot of responsibility to solve tasks that develops their competencies. In return, HBS Capital gets the newest insights and new inspiration.

Target Figures for Gender Distribution of Management

HBS Capital has decided to publish diversity statements through our CSR reporting. Our CSR reports are available at <https://www.orifarm.com/responsibility/>

Corporate Social Responsibility

Management's Commentary

Orifarm joined the UN Global Compact in 2018, and we are consequently incorporating the Ten Principles into our strategies, policies and procedures. Our 2019 progress report is available at <https://www.orifarm.com/responsibility/>

Development Activities

HBS Capital's two main business areas have significant development activities covering both product and process development.

Events since the End of the Fiscal Year

From the reporting date until today, no events have occurred which could change the assessments made in the Annual Report.

Outlook

For 2020, HBS Capital expects minor revenue growth in the range of 1-5% and an operating income at 2019 level.

The outbreak of COVID-19 in 2020 has impacted our pharmaceutical business positively, and has led to increased uncertainty regarding our supply chain and future ability to deliver to customers.

The spread has also impacted our business opportunities for some of our other investments. At the time for the preparation of the annual report, it is not possible to quantify the impact, as the effect depends on the duration and extent of the virus outbreak.

Ongoing negotiations on Brexit will not materially impact HBS Capital. Consequences of final exit conditions will be subject for potential mitigating plans with effect for 2021.

As Pilatus will be further integrated, its business contribution will increase.

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Income statement

(1.000 EUR)

Parent company		Group
2019	Note	2019
Revenue	1	981.554
Other operating income		755
Cost of sales		<u>-831.582</u>
Gross profit		150.727
-2 Other external expenses		-33.024
<u>0 Staff costs</u>	2	<u>-59.411</u>
-2 Income before depreciation		58.292
<u>0 Depreciation, amort. and impairm. losses</u>	3	<u>-11.509</u>
-2 Operating income		46.783
19.007 Income from investments in group entities	4	
0 Income from investments in associated entities	5	-1.351
0 Financial income	6	5.675
<u>0 Financial expenses</u>	7	<u>-5.800</u>
19.005 Profit before tax		45.307
<u>0 Tax</u>	8	<u>-10.751</u>
19.005 Profit for the year	9	34.556
<u>0 Minority interests</u>		<u>-15.551</u>
19.005 Profit for the year after minority interests		19.005

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Balance sheet

(1.000 EUR)

Parent company 2019		Group 2019
	Note	
0	Goodwill	57.195
0	Files and application fees	13.177
0	Other intangible assets	3.011
0	Development projects in progress	5.055
0	Development projects completed	3.871
0	Intangible assets	82.309
0	Property	20.223
0	Plant and equipments	8.525
0	Tangible fixed assets	28.748
98.554	Investments in group entities	0
0	Investments in associated entities	10.270
0	Receivables from associated entities	549
0	Other bonds and equity investments	14.378
98.554	Financial assets	25.197
98.554	Fixed assets	136.254
0	Inventories	189.351
0	Receivables from sales	113.210
0	Other receivables	3.258
0	Prepayments	1.448
0	Deferred tax assets	1.615
0	Income taxes	1.578
0	Receivables	121.109
0	Cash	891
0	Current assets	311.351
98.554	Total assets	447.605

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Balance sheet

(1.000 EUR)

Parent company 2019		Note	Group 2019
634	Share capital	17	1.153
18.981	Reserve for net revaluation of equity holdings		0
70.577	Retained earnings		162.834
8.360	Proposed dividends for the year		15.200
98.552	Total equity		179.187
0	Minority interests		-80.635
98.552	Total equity after minority interests		98.552
0	Deferred tax liabilities	16	6.586
0	Provisions		6.586
0	Mortgage debt		3.929
0	Bank loan		22.881
0	Long-term liabilities	18	26.810
0	Short-term portion of long-term liabilities	18	524
0	Bank debt		135.189
0	Trade payables		39.459
0	Income taxes		1.839
2	Other debt		58.011
2	Short-term liabilities		235.022
2	Liabilities		261.832
98.554	Total equity, provisions and liabilities		447.605
	Assets charged and collateral	19	
	Other notes	20-27	

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Statement of changes in equity

(1.000 EUR)

	Group				Total
	Share capital	Retained earnings	Proposed dividend	Minority interests	
Equity at 01.01.2019	1.153	143.571	10.044	0	154.768
Exchange rate adjustments	0	-105	0	0	-105
Adjustment of hedging instruments	0	12	0	0	12
Distributed dividend	0	0	-10.044	0	-10.044
Profit for the year	0	19.356	15.200	-15.551	19.005
Other adjustments (minority interests)	0	0	0	-65.084	-65.084
Equity at 31.12.2019	1.153	162.834	15.200	-80.635	98.552

	Parent company				Total
	Share capital	Net revaluation equity method	Retained earnings	Proposed dividend	
Equity at 01.01.2019	0	0	0	0	0
Contribution upon formation	634	0	78.939	0	79.573
Exchange rate adjustments	0	-23	-10	0	-33
Adjustment of hedging instruments	0	7	0	0	7
Profit for the year	0	18.997	-8.352	8.360	19.005
Equity at 31.12.2019	634	18.981	70.577	8.360	98.552

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Cash flow statement

(1.000 EUR)

	Note	Group 2019
Operating income		46.783
Depreciation and impairment losses		11.509
Exchange rate adjustments and hedging instruments on equity		-93
Working capital changes	21	<u>-24.753</u>
		33.446
Interests, net		-125
Income taxes paid		<u>-12.055</u>
Cash flows from operating activities		<u>21.266</u>
Acquisition of intangible assets, property, plant and equipment		-38.015
Acquisition of Financial Assets		-13.150
Sale of property, plant and equipment		2.698
Change in deposits, fixed asset investments		<u>-256</u>
Cash flows from investing activities		<u>-48.723</u>
Cash flows from operating and investing activities		<u>-27.457</u>
Change in long-term liabilities other than provisions, net		-9.077
Dividend received from associated		730
Dividend paid		<u>-10.044</u>
Cash flow from financing activities		<u>-18.391</u>
Increase/decrease in cash and cash equivalents		-45.848
Cash and equivalents 01.01.2019		-91.827
Adjustment according to acquisition		<u>3.377</u>
Cash and equivalents 31.12.2019	22	<u>-134.298</u>

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Notes

(1.000 EUR)

<u>Parent company 2019</u>		<u>Group 2019</u>
	1. Segment information	
	Revenue	
	Parallelimport	898.615
	Generics	<u>82.939</u>
	Total	<u>981.554</u>
	2. Staff costs	
0	Wages and salaries	48.384
0	Pension costs	3.835
<u>0</u>	Other social security costs	<u>7.192</u>
<u>0</u>		<u>59.411</u>
	Here of:	
0	Fee to Group Executive Board	2.901
<u>0</u>	Fee to Board of Directors	<u>356</u>
<u>0</u>		<u>3.257</u>
	Average number of employees	<u>1.111</u>
	3. Depreciation, amort. and impairm. losses	
	Goodwill	1.933
	Files and applications	5.398
	Other intangible assets	1.125
	Development projects completed	832
	Buildings	663
	Operating equip. and leasehold improvements	<u>1.558</u>
		<u>11.509</u>
	4. Income from investments in group enterprises	
<u>19.007</u>	Share of profit/loss after tax	
<u>19.007</u>		
	5. Income from investments in associated entities	
	Share of profit/loss after tax	<u>-1.351</u>
		<u>-1.351</u>
	6. Financial income	
0	Financial income, group entities	
<u>0</u>	Other financial income	<u>5.675</u>
<u>0</u>		<u>5.675</u>
	7. Financial expenses	
0	Financial expenses, group entities	
<u>0</u>	Other financial expenses	<u>5.800</u>
<u>0</u>		<u>5.800</u>

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Notes

(1.000 EUR)

Parent company		Group
2019		2019
	8. Tax	
0	Current tax	9.886
0	Change in deferred tax	1.033
0	Adjustments concerning previous years	-168
0		10.751
	9. Distribution of profit	
8.360	Proposed dividend	15.200
18.997	Reserve for net revaluation of equity holdings	0
-8.352	Retained earnings	19.356
0	Minority interests	-15.551
19.005		19.005

		Files and applica-tions	Other intangible assets	Group Develop-ment projects in progress	Develop-ment projects completed	Total
10. Intangible assets	Goodwill					
Cost at 01.01.2019	58.932	36.844	13.629	4.370	7.169	120.944
Transfer	0	0	0	-493	493	0
Additions	13.909	4.533	2.146	1.687	634	22.909
Exchange rate adjustments	-16	-62	-4	-2	-2	-86
Disposals	0	-1.200	0	-507	-566	-2.273
Cost at 31.12.2019	72.825	40.115	15.771	5.055	7.728	141.494
Amortization 01.01.2019	13.699	23.675	11.641	0	3.150	52.165
Amortization for the year	1.933	5.398	1.125	0	832	9.288
Exchange rate adjustments	-2	-40	-6	0	-1	-49
Reversal relating to disposals	0	-2.095	0	0	-124	-2.219
Amortization 31.12.2019	15.630	26.938	12.760	0	3.857	59.185
Carrying amount 31.12.2019	57.195	13.177	3.011	5.055	3.871	82.309

Development projects

Development projects consists of development of generic medicine. The development of the products are progressing as planned and are expected to be completed within 1-3 years.

The Entity is continually scanning for and developing new generic medicine. It is the managements opinion, that newly developed generic medicine will contribute with positive contribution margin in the future, on equal terms with the currently product portfolio.

Management continuously evaluates the value of development projects in progress, and write-down projects which are unprofitable.

Notes

(1.000 EUR)

11. Tangible fixed assets	Group			
	Property	Leasehold improve- ments	Plant and equipment	Total
Cost at 01.01.2019	23.306	919	14.397	38.622
Additions	2.629	0	5.264	7.893
Exchange rate adjustments	35	-1	38	72
Disposals	-315	0	-3.810	-4.125
Cost at 31.12.2019	25.655	918	15.889	42.462
Depreciation 01.01.2019	4.756	919	7.259	12.934
Depreciation for the year	663	0	1.558	2.221
Exchange rate adjustments	13	-1	28	40
Reversal relating to disposals	0	0	-1.481	-1.481
Depreciation 31.12.2019	5.432	918	7.364	13.714
Carrying amount 31.12.2019	20.223	0	8.525	28.748
				Parent company
12. Investments in group entities				
Cost at 01.01.2019				0
Additions				79.573
Cost at 31.12.2019				79.573
Net revaluation at 01.01.2019				0
Net share of profit/loss for the year				18.997
Adjustment of hedging on equity				7
Exchange rate adjustments				-23
Net revaluation 31.12.2019				18.981
Carrying amount 31.12.2019				98.554
Investments in group enterprises:		Country		Share
Habico Holding A/S		Denmark		100%
See Group structure on page 8				

Notes

(1.000 EUR)

	Group		
	Investments associated entities	Receivables associated entities	Other equity invest- ments
13. Investments in associated entities etc.			
Cost at 01.01.2019	6.026	293	3.813
Additions	8.086	524	8.481
Exchange rate adjustments	0	0	-1
Disposals	0	0	-2.799
Cost at 31.12.2019	14.112	817	9.494
Value adjustment 01.01.2019	-251	0	1.324
Value adjustment for the year	-3.148	-268	0
Disposals/Dividend	-730	0	0
Profit for the year	287	0	3.560
Value adjustment 31.12.2019	-3.842	-268	4.884
Carrying amount 31.12.2019	10.270	549	14.378
Investments in associated entities:	Country	Share	
MidCap T ApS	Denmark	40%	
Ronaldo.com A/S	Denmark	20%	
New Start 1 ApS	Denmark	25%	
IQ Charter I A/S	Denmark	25%	

See Group structure page 8

Details on investments which can harm the business has not been shown in accordance to section 97a(4) of the Danish Financial Statement Act

	Group 2019
14. Inventories	
Raw materials and consumables	79.547
Manufactured goods and goods for resale	92.087
Prepayments of goods	9.349
Other assets held for sale	8.368
	189.351

15. Prepayments

Consists of prepayments on costs concerning subsequent financial year.

HBS Capital ApS

Notes

(1.000 EUR)

Parent company 2019		Group 2019
	16. Deferred tax	
	Deferred tax is incumbent on the following financial statement items:	
	Intangible assets	2.682
	Tangible fixed assets	2.135
	Inventories	254
0	Tax loss carryforwards	-100
0		4.971
	 Net value is recognised in the balance sheet as follows:	
0	Deferred tax assets	-1.615
0	Deferred tax liabilities	6.586
0		4.971
	 Development Deferred tax:	
0	Net value in balance sheet - primo year	3.934
0	Effect in P&L during the year	1.033
0	Effect on Equity during the year	4
0	Net value in balance sheet - ultimo year	4.971
	 17. Share capital	
	The share capital consists of 4.736.600 shares at EUR 0,1339	
	The shares have not been divided into classes.	
	Contribution upon formation 20.10.2019	
634	Share capital 31.12.2019	
634		

	Group			
	Due for payment within 1 year	Due for payment after 1 year	Amortized debt in total	Nominal debt in total
18. Long-term debt				
Mortgage debt	524	3.929	4.453	4.453
Bank loans	0	22.881	22.881	22.881
Long-term debt 31.12.2019	524	26.810	27.334	27.334
Due for payment after 5 years:				
Mortgage debt		1.497		
		1.497		

HBS Capital ApS

Notes

(1.000 EUR)

	Group 2019
19. Assets charged and collateral	
Group:	
Mortgage deeds and letter of indemnity have been issued as security for credit institutions with a nominal amount of	18.371
The actual liability on the balance sheet date amounts to	4.453
Carrying amount of pledged properties	16.007
Certain operating equipments have been financed by means of finance leases.	
Total leasehold obligation until contracts expire	3.414
Leasehold liabilities	6.924
Group:	
The Group companies has provided receivables from sales of goods and services, MEUR 69.4 and inventories MEUR 25.0, as security for debt to the Group's banks and credit institutions.	
The Group companies are a party to litigation regarding alleged infringements of trademark and patent rights. Management believes that these legal proceedings will not lead to material losses for the company.	
There are pledged payments concerning investments in stocks and equity holdings. The maximum claim of payment is MEUR 3.6.	
The Group has normal trade obligations on returned goods, and no significant losses are expected.	
In addition, there are also security for the debt to banks and credit institutions, pledged unlisted shares in certain companies with a total book value per. 31. December 2019 of MEUR 167.9.	
Parent:	
None.	
20. Contingent liabilities	
Parent:	
The parent company are jointly taxed with all Danish subsidiaries, as the administration company. The parent company and the Danish Group companies are therefore held liable under the Corporation Tax Act rules for income taxes, and if any obligations to withhold tax on interest, royalties and dividends for the jointly taxed companies.	
	Group 2019
21. Working capital changes	
Change in inventories (- = increase)	-48.942
Change in receivables (- = increase)	-12.332
Change in trade payables etc. (- = decrease)	32.810
Adjustment according to acquisition	3.711
	-24.753
22. Cash and cash equivalents	
Cash	891
Short-term bank debt	-135.189
	-134.298

Notes

(1.000 EUR)

23. Related parties

Related parties with controlling interest in HBS Capital ApS:

- Hans Carl Bøgh-Sørensen, Odense, ultimate beneficial owner

All transactions with related parties are eliminated in the consolidated statements.

All transactions with related parties are carried out on arms length.

24. Ownership

The company has registered the following shareholders to hold more than 5% of the voting share capital or of the nominal value of the share capital:

Hans Carl Bøgh-Sørensen, Platanvej 5, 5230 Odense M

Group
2019

25. Fees to auditors appointed at the Company's general meeting

Fees are recognized under Other external expenses with:

Fees for statutory audit	198
Fees for assurance engagements	10
Fees for tax advice	238
Fees for other services	324
	770

26. Exchange rate risk and financial instruments

As part of the hedge of recognized and unrecognized transactions, the Group uses hedging instruments in the form of forward exchange contracts. Hedge of recognized transactions primarily comprise receivables and payables. As at 31.12.2019 unrealized net losses on derivative financial instruments for currency hedging on Group level in total amounts TEUR 403. The amount is in the balance sheet included under other debt.

27. Events after the balance sheet date

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

In April 2020, Orifarm Generics Holding A/S signed an agreement with the Japanese pharmaceutical company, Takeda covering the acquisition of the rights for approximately 110 pharmaceuticals as well as 2 manufacturing sites in Denmark and Poland. The acquisition has a value of up to 615 MEUR and is by far the largest in Orifarm's history. The acquisition is expected to close in the beginning of 2021 subject to the satisfaction of customary closing conditions, receipt of required regulatory clearances and, where applicable, compliance with local works council requirements.

The outbreak of COVID-19 at the beginning of 2020 is not expected to have an material impact on the Group's financial position, at the Group's supply chain is intact and pharmaceuticals are highly demanded and essential also during the COVID-19 outbreak. On other investments the outbreak and spread of COVID-19 is expected to have some impact on the company's profit, financial position and development for the financial year 2020, but so far it is too early to estimate the impact.

Accounting policies

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The company is founded 20.10.2019 with effect from 01.01.2019, and the first financial year is the period from 01.01.2019 - 31.12.2019. The annual report is presented in EUR.

Income statement items are translated at the average rate for the year. Balance sheet items are translated at closing rate. The exchange rate adjustment from the average for the year, respectively, previous year's closing rate are posted directly to equity.

Recognition and measurement

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

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

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

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

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

The consolidated financial statements

The consolidated financial statements include HBS Capital ApS (parent company) and companies (group enterprises) controlled by the parent, see the group overview page 8. The parent company is considered to have control when it directly or indirectly owns more than 50% of the voting rights or in other ways actually exercises controlling influence. Companies in which the Group directly or indirectly owns between 20% and 50% of the voting rights and exercises significant influence, but no controlling influence, are considered as associated companies. See the group overview page 8.

Consolidation principles

The consolidated financial statements are prepared on the basis of the financial statements for HBS Capital ApS and its subsidiaries. The consolidated financial statements are prepared by aggregation of uniform accounting items. On consolidation, elimination of intercompany revenue and expenses, and dividends as well as gains and losses on transactions between consolidated companies. The accounts used for consolidation are prepared in accordance with the groups accounting policies.

In the consolidated financial statement accounts of the subsidiaries are recognized 100%. Minority interests' proportionate share of net profit and net assets are presented as separate items in the income statement and balance sheet.

Accounting policies

Business combinations

Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied in the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities acquired are recognised under intangible assets, and they are amortised systematically in the income statement based on an individual assessment of their useful lives, however, no more than 20 years. Negative differences in amount (negative goodwill), corresponding to an estimated adverse development in the relevant enterprises, are recognised in the balance sheet as a separate item under deferred income, and they are recognised in the income statement as such adverse development is realised.

Profits or losses from divestment of equity investments

Profits or losses from divestment or winding-up of subsidiaries are calculated as the difference between selling price or settlement price and carrying amount of the net assets at the time of divestment or winding-up, inclusive of non-amortised goodwill and estimated expenses for divestment or winding-up.

Foreign currency translation

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

On recognition of foreign subsidiaries which are independent units, all amounts are translated at the year-end rate. Differences in the exchange rate which arise when translating the foreign company's equity at the beginning of the year using the exchange rates at balance sheet date are recognised directly in equity.

Derivatives

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging of the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Accounting policies

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are classified directly on equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not qualify as hedging instruments, changes in fair market value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign group enterprises or associates are classified directly as equity.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the determined consideration.

Other operating income

Other operating income comprises income of a secondary nature to the Group's primary activities.

Cost of sales

Cost of sales includes the consumption of commodities and freight costs that are incurred to generate the calculated revenue.

Other external expenses

Other external expenses comprise expenses for distribution, sale, advertising, administration, premises, etc.

Staff costs

Staff costs comprise wages and salaries, social security costs, pension contributions, etc. for the Company's staff.

Income from investments in group entities and associated entities

Income from investments in group enterprises and associated entities allocated to the Group's strategic portfolio comprises the proportionate share of profit/loss after tax and any adjustment of internal profit/loss and less amortization of consolidated goodwill.

The accounting policy for income from associated entities allocated to the Group's investment portfolio is described in the section "Investments in group enterprises and associated entities".

Financial income and expenses

These items comprise interest income and interest expenses, realised as well as unrealised capital gains and losses on liabilities and transactions in foreign currencies.

Income taxes

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit/loss for the year and recognised directly in equity by the portion attributable to entries directly in equity. The portion of the tax taken to the income statement, which relates to extraordinary profit/loss for the year, is allocated to this entry whereas the remaining portion is taken to the year's profit/loss from ordinary activities.

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

Accounting policies

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

Deferred tax is measured based on the tax regulations and tax rates of the relevant countries that will be in effect according to law at the balance sheet date when the deferred tax is estimated to be triggered as current tax. Changes in deferred tax resulting from changed tax rates are recognised in the income statement.

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

The Parent is jointly taxed with all Danish subsidiaries and parent companies. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

The jointly taxed companies are subject to the rules of section 11B of the Danish Companies Act governing interest deduction limitation. It has been agreed in the joint taxation that reduced interest deduction is recognised in the company in which the interest deduction has been reduced.

Balance sheet

Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed on the basis of the experience gained by Management for each business area.

The maximum amortization period of goodwill is 40 years.

The determination of the lifetime is decided based on an evaluation of a combined company with Know How, skills and a efficient organization, which is expected to provide development of the business in a long time to come, and because the lifetime of the medicinal products normally are very long.

When goodwill is subject to impairment, goodwill is written down to the lower of recoverable amount and carrying amount.

Files and application fees

Files and application fees are measured at cost less accumulated amortisation and impairment losses.

Files and application fees regarding a specific product in relation to which a potential future market can be demonstrated and where the intention is to market the product in question are recognised as intangible assets. Other costs relating to applications are recognised as cost in the income statement as incurred.

Files and application fees regarding generic products are amortised straight-line over their expected useful lives calculated from the date when the product to which the files and application fees relate is introduced to the market. The amortisation period is 5-12 years.

When files and applications are subject to impairment, files and application fees are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Development projects in progress

Development costs comprises costs, staff costs and depreciations, directly associated to development activities.

Development projects, which are clearly defined and identifiable, and where the technical viability, resources and a potential future market can be established with the intention to produce, market or utilise the projects, are recognised in the balance sheet as intangible assets, if the cost are measured reliable, and there is a certain security, that the future profit will cover the production-, marketing- and administrations costs as well as development costs. Additional development costs are recognised in the income statement, as the costs occurs.

Development projects, are measured at cost less accumulated amortisation and impairment.

When development projects are completed, the products are amortised straight-line over their expected useful lives calculated from the date when the product to which the development cost relate is introduced to the market. The amortisation period usually used is 5-10 years.

Other intangible assets

Cost of development and implementation of major IT systems as well as other intangible assets is measured at cost with deduction of accumulated amortisation and impairment losses. The period of amortisation is usually 3-7 years.

When other intangible assets are subject to impairment, other intangible assets are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Properties, leasehold improvements and operating equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation. Interest expenses are not included in cost.

The basis of depreciation is cost less estimated residual value after the end of useful life. The residual value amounts to 40% of the acquisition price. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Property:	10-50 years
Leasehold improvements:	5-10 years
Operating equipment:	3-10 years

Estimated useful lives and residual values are reassessed annually.

When property, plant and equipment are subject to impairment, PPE are written down to the lower of recoverable amount and carrying amount.

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement.

Investments in group entities and associated entities

Investments in group enterprises and associated entities are allocated to the Group's strategic portfolio or investment portfolio based on the strategy determined by management for each investment.

Strategic portfolio

Investments allocated to the strategic portfolio are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus amortised goodwill and plus or minus unrealised intra-group profits or losses.

Accounting policies

Goodwill is amortised on a straight-line basis over its estimated useful life, which is determined on the basis of an assessment of the nature, earnings, market position of the acquired enterprise, the stability of the industry and among other factors.

Group enterprises and associated entities with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises and associated entities measured according to the equity method is transferred to reserve for net revaluation according to the equity method in equity.

Investment portfolio

Investments allocated to the investment portfolio are currently monitored and evaluated based on the development of fair value in accordance with the Group's investment strategy. Investments allocated to the investment portfolio are measured at fair value and adjusted in the equity.

The valuation is based on internationally accepted valuation methods for private equity.

Investments are written down to any lower net realizable value.

Other bond and equity investments

Other current asset investments comprises unlisted securities measured at fair value (market price) at the balance sheet date.

Inventories

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

Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs as well as indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of and depreciation and impairment losses on machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

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

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad receivables.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Bank debt

Bank debt comprises debt to banks.

Dividend

The proposed dividends for the financial year are recognised as equity.

Accounting policies

Mortgage debt

At the time of borrowing, mortgage debt is measured at cost which corresponds to the proceeds received less transaction costs incurred. The mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Other financial liabilities

Other financial liabilities are measured at amortized cost, usually equaling nominal value of the liability.

Operating lease commitments

Lease payments on operating leases are recognised on an ongoing basis in the income statement over the term of the lease.

Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent because it is included in the consolidated cash flow statement.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognised in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognised up to the time of sale.

Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as acquisition, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the Parent's share capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank debt.

Segment information

Information should be provided for business segments. No information is given in respect of geographical markets as the risk to which the markets are subject is found to be quite similar.

Financial highlights

Financial highlights are calculated as follows:

Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Operating margin:	$\frac{\text{Operating income} \times 100}{\text{Revenue}}$
Equity ratio:	$\frac{\text{Equity} \times 100}{\text{Total assets}}$
Return on equity:	$\frac{\text{Profit for the year} \times 100}{\text{Average equity}}$

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Nikolaj Thomsen

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IP: 217.63.xxx.xxx

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