Prospectus for the Initial Public Offering of Abacus Medicine A/S

May 22, 2019

ABACUS MEDICINE

Original European Supply

SECURITIES PROSPECTUS

dated May 22, 2019

for the public offering

of

3,586,207 existing ordinary shares from the holdings of the Lending Shareholder to be made available to the Underwriter by way of a share loan for the purpose of placing such shares in the offering (the "**Share Loan Shares**"); to the extent Share Loan Shares will be placed in the offering the share loan will be returned by way of delivery by the Underwriter to the Lending Shareholder of a corresponding number of new ordinary shares to be issued through a capital increase against contribution in cash pursuant to an authorisation to the Board of Directors resolved by the annual general meeting of the shareholders of the Issuer held on May 2, 2019 (the "**New Shares**")

and of

719,996 existing ordinary shares from the holdings of the Selling Shareholders (the "**Secondary Shares**")

and of

645,930 existing ordinary shares from the holdings of the Greenshoe Shareholder in connection with a possible over-allotment, with the total number of such shares not to exceed 15% of the final number of Share Loan Shares and Secondary Shares placed in the Offering (the "**Over-Allotment Shares**", and together with the Share Loan Shares and the Secondary Shares, the "**Offer Shares**") (the "**Offering**")

and at the same time for the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

of

up to 3,586,207 new ordinary shares to be issued through a capital increase against contribution in cash pursuant to an authorisation to the Board of Directors resolved by the annual general meeting of the shareholders of the Issuer held on May 2, 2019, *i.e.*, the New Shares,

and of

7,450,000 existing ordinary shares (the existing share capital) (the "**Listing**")

– each such share with a nominal value of €0.05 and entitled to receive dividends –

of

ABACUS MEDICINE A/S

Copenhagen (Denmark)

International Securities Identification Number (ISIN): DK0061111739
German Securities Code (*Wertpapierkennnummer*, WKN): A2N6X0
Common Code: 189556209
Trading Symbol: ABC

Price Range: €14.50 – €16.00 per Offer Share

Sole Global Coordinator and Sole Bookrunner

Berenberg

CONTENTS

RESPONSIBILITY STATEMENT

The Company's Responsibility

The Company is responsible for this Prospectus in accordance with Danish law.

The Company's Statement

We hereby declare that we, as the persons responsible for this Prospectus on behalf of the Company, have taken all reasonable care to ensure that, to the best of our knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Copenhagen, May 22, 2019

ABACUS MEDICINE A/S

Executive Management

Flemming Wagner
(CEO)

Board of Directors

Troels Peter Troelsen
(Chairman)

Anders Kunze Bønding
(Deputy Chairman)

Jens Albert Harsaae
(Deputy Chairman)

Ole Jensen
(Board Member)

Flemming Wagner
(Board Member)

Troels Peter Troelsen: Chairman of the Board and Board member in multiple companies

Anders Kunze Bønding: Consultant

Jens Albert Harsaae: Board member in multiple companies

Ole Jensen: Consultant

Flemming Wagner: Biochemist, MBA, CEO

SUMMARY OF THE PROSPECTUS

*Summaries are made up of disclosure requirements known as elements ("**Elements**"). These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In such cases, the summary includes a short description of the Element with the words "not applicable."*

The English version of the Summary set out in this Prospectus shall be decisive and the only legally binding version. The Danish and German translation of the Summary serve for convenience and information purposes only.

A – Introduction and Warnings

A.1	**Warnings**	This summary should be read as an introduction to this securities prospectus (the "**Prospectus**"). The investor should base any decision to invest in the securities on the review of this Prospectus as a whole. In case a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area (the "**EEA**"), have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation thereof, but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offer Shares.
A.2	**Consent regarding the subsequent use of the Prospectus**	Not applicable. (Consent by ABACUS MEDICINE A/S, Copenhagen, Denmark (the "**Company**" or the "**Issuer**" and, together with its fully consolidated subsidiaries at the time, the "**Group**" or "**Abacus Medicine**") regarding the use of this Prospectus for a subsequent resale or final placement of shares in the Issuer (the "**Shares**") by financial intermediaries has not been granted.)

B – Issuer

B.1	**Legal and commercial name**	The Issuer's legal name is "ABACUS MEDICINE A/S". The Issuer operates under the commercial name "Abacus Medicine".
B.2	**Domicile, legal form, legislation under which the issuer operates, country of incorporation**	The Issuer's registered office is located in the municipality of Copenhagen at Vesterbrogade 149, 1620 Copenhagen V, Denmark, and is registered with the Danish Business Authority under CVR no. DK 28 11 15 76. The Issuer is a public limited liability company (in Danish: *aktieselskab*) incorporated in Denmark and is governed by the laws of Denmark.
B.3	**Current operations and principal business activities and principal markets in which the issue competes**	Abacus Medicine, established in 2004, is – according to its own estimates – the fastest growing company in the European parallel trading industry for original prescription pharmaceuticals in terms of revenue in the fiscal years ended December 31, 2016 to 2018 with revenue amounting to

€177.9 million, €253.1 million and €332.3 million respectively, which corresponds to a compound annual growth rate ("**CAGR**") of 36.7%. Abacus Medicine's growth is based on a large addressable market for Parallel Trading (as defined below) amounting to €5.4 billion in 2017, which is expected to grow to €6.2 billion by 2022 (*source: QVARTZ; EFPIA; IQVIA MIDAS Quantum December 2017*). The high growth has been achieved primarily organically with a strategic focus on product portfolio development, product segmentation and multi-market sales, supported by operational excellence throughout the value chain achieved on the basis of advanced and proprietary IT systems and business analytic tools.

Abacus Medicine has developed a strong business platform to support its future growth based on a well-diversified product portfolio with 3,618 marketing authorisations ("**licences**") as of March 31, 2019 (2018: 3,186 licences; 2017: 2,515 licences; 2016: 1,709 licences), which are essential to act in the Parallel Trading industry, a unique multi-market strategy with direct sales in 12 countries, strong sourcing capabilities and a highly-diversified supply network spread throughout European countries.

Abacus Medicine is engaged in parallel import and parallel distribution of pharmaceutical products with highly flexible multi-market sales channels and a particular focus on the growing medium-to-high-price segment (€500–€3,000 per package) and the high-price segment (€3,000 per package) of pharmaceutical products primarily used for the treatment of cancer, multiple sclerosis, rheumatoid arthritis, Hepatitis C, HIV, diabetes, nervous system diseases, anti-infectives, blood and cardiovascular system diseases and Alzheimer's.

"**Parallel Import**" refers to the acquisition of pharmaceutical products which are locally-authorised by the competent authority in one member state ("**Member State**") of the EEA and the sale of such pharmaceutical products in another Member State by a company that is independent from, and acts in parallel to, the original marketing authorisation holder. In contrast, "**Parallel Distribution**" describes the acquisition of pharmaceutical products centrally-authorised by the European Medicines Agency ("**EMA**") and their sale in parallel to the original marketing authorisation holder. Parallel Import and Parallel Distribution are often and in this Prospectus also referred to as "**Parallel Trade**" or "**Parallel Trading**". As the original manufacturer decides whether to apply for a licence in one of the Member States or for a licence from the EMA, it follows the original manufacturer's decision whether Parallel Trading with the respective pharmaceutical product by a third party falls within the category of Parallel Import or Parallel Distribution. In order to parallel import or parallel distribute a pharmaceutical product, a parallel trading company needs to apply for a licence for each product. The licence includes information about repackaging activities and requirements for translating packaging language for sale in one Member State to another Member State.

Abacus Medicine is headquartered in Copenhagen, Denmark, and as of the date of this Prospectus, consists of 21 companies in 16 countries. Abacus Medicine has warehousing and repackaging facilities in Hungary and the Netherlands while other facilities such as the warehouse and consignment stock located in Germany have been outsourced to and are operated by third party logistics services providers.

The following table provides additional information on the Group's geographical allocation of revenue for the periods indicated:

	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Denmark	12.2	5.7	37.6	34.8	17.3
Sweden	9.9	7.9	39.3	39.9	40.1
Germany	45.3	45.9	189.6	149.9	102.9
The Netherlands	12.2	8.3	39.8	14.7	8.3
Other countries	10.9	4.1	26.1	13.7	9.3
Total	**90.4**	**71.8**	**332.3**	**253.1**	**177.9**

Abacus Medicine is constantly examining further market opportunities and new business ideas, in particular any that can be leveraged through its existing product area, supplier network and customer base. Already in 2018, the Group has increased its investments in three complementary business areas related to Parallel Trading, *inter alia*, (1) markets for trading of pharmaceutical products that are either not yet licenced in that particular country or in short supply ("**Unlicensed Medicine**" or "**ULM**") and (2) that are still in clinical development and for which access is being granted to patients upon request of the treating physician ("**Managed Access Programs**" or "**MAP**") and (3) to enter the global market for supplying both pharmaceutical and biotech companies with comparator medicine for clinical trials ("**Clinical Trials Services**"). These highly synergistic new markets are currently being addressed by the Group's fully-owned subsidiaries of Aposave ApS with operations primarily in Denmark, the Netherlands, the United Kingdom, Hong Kong/China, the United States, Mexico and Brazil ("**Aposave**"). In the three-month period ended March 31, 2019 Aposave generated revenue of €1.8 million. In the fiscal years ended December 2016, 2017 and 2018, Aposave generated revenue of €0.5 million, €0.8million and €3.7 million, respectively, which corresponds to a CAGR of 164.2% from 2016 to 2018, demonstrating an early proof of concept.

B.4a **Most significant recent trends affecting the issuer and the industry in which it operates**

The pharmaceuticals market and in particular the Parallel Trading industry is currently influenced by a number of key trends, in particular:

Increase in consumption of prescription pharmaceutical products due to demographic composition trends

Most European countries have an increasingly ageing population. In 2017, nearly one-fifth (19.4%) of the population of the European Union ("**EU**") was aged 65 years and over. The share of people aged 80 years or over is projected to more than double between 2017 and 2080, from 5.5% to 12.7% of the EU population (*source: Eurostat*). Parallel Trading serves as a method to reduce healthcare expenditures. One of the main drivers for Parallel Trading within the EU was that with the implementation of Parallel Trading, governments experienced an overall decline in their pharmaceutical expenditures. EU governments have reported a total of €0.5 billion in healthcare cost savings during 2009 and 2011, comprising direct savings of €16.7 million in Sweden in 2009, €53.0 million in Denmark, €294.1 million in Germany in 2012, €12.8 million in the Netherlands in 2011, and €85.0 million in the United Kingdom in 2011 (*source: EAPC 2013*). This demographic shift in spending and the governmental drive for cost savings have spurred and are likely to continue to spur increased spending on healthcare and pharmaceutical products which has significantly impacted the Group's business in the

past and is expected to continue to have a significant effect on the Company's revenue and results of operations.

Chronification of diseases due to, inter alia, demographic trends

Due to demographic and lifestyle changes, chronic diseases grow in prominence over time. Simultaneously, medical advances have increased survival rates for chronic disease patients, resulting in an increased absolute number of chronic disease patients who receive lifelong maintenance treatments. As a result, these patients require more resources and treatment over their lifetimes, a phenomenon which is being referred to among medical professionals as, a "chronification of diseases". In response to this chronification of diseases, more emphasis is being placed on developing programs to manage patients' long-term health and clinical services by market participants such as insurance companies and clinical services and is contributing to growth in healthcare and pharmaceutical product spending (*source: The American Journal of Managed Care, 2017*).

Consumption shifting towards high-price pharmaceutical products

According to BARMER, a German statutory health insurance provider, pharmaceutical product expenses increased by 4.0% from 2016 to 2017 while 85.0% of the increase was attributable to increased prices for pharmaceutical products (*source: BARMER 2018*). From 2012 to 2017, the low price segment (below €50 per package) remained at a CAGR of 0.0% and the medium-price segment (€50–€500 per package) grew at a CAGR of 4.1% while the medium-to-high-price segment (€500–€3,000 per package) grew at a CAGR of 12.7% and the high-price segment (above €3,000 per package) grew at a CAGR of 30.0% (*source: QVARTZ, EFPIA; Evaluate Pharma*). The European Parallel Trading market is expected to experience further growth at a CAGR (2017 – 2022) of approximately 3% (*source: EFPIA; QVARTZ; Evaluate Pharma, September 2016*). The high-price segment (above €3,000 per package) and the medium-to-high-price segment is expected to grow at a CAGR of 17% and 6%, while the medium-price segment (€50–€500 per package) is expected to remain at a CAGR of 0% and the low-price (up to €50 per package) is expected to decrease at a CAGR of -5%. This consumption shift has influenced the Company's revenue in the past and bolstered Abacus Medicine's position as a top three Parallel Trading company in the EEA/EU in 2018, measured by the Company's share of revenue in the high-price segment (above €3,000 per package) of 39.0% and a share of revenue in the medium-to-high-price segment (€500–€3,000 per package) of 26.0% (as measured by the Company's share of revenue in the medium-to-high and high-price segment compared to competitors` share of revenue generated in those segments) (*source: IQVIA MIDAS Quantum December, 2018*). The general composition of Abacus Medicine's product portfolio reflects its strategy to focus on the medium-to-high (€500–€3,000 per package) and high-price (above €3,000 per package) segments. In 2018, the high-price and the medium-to-high-price segments accounted for 65.1% of Abacus Medicine's product portfolio. Abacus Medicine generally seeks to maintain a stable margin in its Parallel Trading business and its efforts have resulted in an Adjusted EBITDA margin of 4.1%, 3.9% and 3.7% for the fiscal years ended December 31, 2018, 2017 and 2016, respectively, and an Adjusted EBITDA III Margin (excluding exceptional items and DayDose Activities (as defined below in B.7)) of approximately 4.6%, 4.4% and 4.5% for the fiscal years ended December 31, 2018, 2017 and 2016, demonstrating the Group's consistent efforts to promote high, organic growth, while operating profitably in the Parallel Trading industry. Abacus Medicine believes that the demand for high-priced pharmaceutical products will continue to increase and foster legislative support aimed at reducing healthcare costs

which could drive Parallel Trading.

European Regulation for Parallel Trading companies

As a Parallel Trading company the Company has to comply with all applicable laws regulating the handling and transport of pharmaceutical products. Compliance with these requirements is monitored by national and EU regulators such as the European Medicines Agency ("**EMA**"). The EU legal framework for Parallel Trading has been developed and amended on numerous occasions in recent decades, requiring the Company to adapt its practices accordingly. Such regulatory changes in turn affect the Group's investments and overall costs in addition to investment costs related to obtaining relevant licences. For example, a recent change in the regulatory framework relates to falsified medicines. Falsified medicines do not pass the usual evaluation of quality, safety and efficiency that is required for the EU authorisation procedure. According to the EMA, falsified medicines are becoming more prevalent as increasing numbers of expensive medicines, such as medications for the treatment of cancer, and medicines in high demand, such as antivirals are being increasingly falsified. In an effort to counteract this development, the Falsified Medicines Directive 2011/62/EU ("**FMD**"), was enacted and came into force on February 9, 2019. The FMD aims to mitigate the volume of counterfeit or unauthorised prescription medicine in the legal supply chain with the introduction of integrated databases at the EU and national levels enabling the tracking of pharmaceutical products throughout the supply chain using barcodes containing a unique serial number assigned to each unit and tamper evident devices. In order to comply with the FMD, Abacus Medicine invested and will continue to invest in the IT-software and hardware and serialisation equipment necessary to comply with the FMD Directive. In October 2018, Abacus Medicine was successfully connected to the European Medicines Verification System (EMVS), (*i.e.*, a database operated by the European Medicines Verification Organisation (EMVO) that provides an end-to-end verification of each single marketed pharmaceutical package of prescription pharmaceutical products and that is essential to the Group's ability to source, produce and sell pharmaceutical products). Due to the necessary upfront investments, Abacus Medicine believes that the introduction of FMD will lead to a certain degree of consolidation in the market for Parallel Trade because smaller competitors with less financial resources may find FMD compliance to be cost prohibitive and potential new competitors may face higher entry barriers.

Governmental focus on decreasing public healthcare spending

Similar to other health care functions, the cost of pharmaceutical products are predominantly covered by government financing or compulsory insurance schemes. Coverage is most generous in Denmark, Sweden and the United Kingdom where government and compulsory insurance schemes pay for 80.0% or more of all pharmaceutical costs while in Germany, France and Slovakia the government and compulsory insurance schemes pay for 75.0% (*source: OECD 2017*). As a response to mounting pressures on public budgets, many governments made reducing pharmaceutical expenditures a priority in an effort to reduce public spending. This trend supports, and is expected to continue to support, the market for Parallel Trading. Thus, during the periods indicated in this section of the Prospectus, these governmental priorities have lead and are expected to continue to lead, to increases in the Group's results of operations.

B.5 **Description of the group and the issuer's position within the group**

The Issuer is the parent company of the Group. The Group's business is conducted partly by the Issuer and partly by its various subsidiaries.

The following table sets forth the Group's significant subsidiaries which are all directly held by the Issuer, as of the date of this Prospectus:

Entity Name	Legal Seat (Country)	Voting Rights [1]
		(in %)
Abacus Medicine Hungary Kft.	Budapest (Hungary)	100.00
Abacus Medicine Berlin GmbH	Velten (Germany)	100.00
Aposave ApS	Copenhagen (Denmark)	100.00

[1] Identical to the interest in the respective entity's share capital.

B.6 **Persons who, directly or indirectly, have a (notifiable) interest in the issuer's capital and voting rights**

The shareholders listed in the table below directly and/or indirectly hold a share of 5% or more of the Company's voting rights (the "**Major Shareholders**", and together with the Company's other current shareholders, the "**Existing Shareholders**") or directly or indirectly hold other financial instruments that allow their holder or a third party to acquire outstanding Shares with voting rights subject to their terms and conditions. The information shown is based on the Issuer's best knowledge.

Investor	Interest
	(in %)
Wagner Family Holding ApS [1]	91.63
Other Existing Shareholders [2]	8.37
**Total ..... **	**100.00**

[1] Wagner Family Holding ApS is indirectly majority owned and ultimately controlled by Flemming Wagner, a member of the Board of Directors (Chief Executive Officer) of the Company.

[2] Including the Selling Shareholders (as defined below), none of which (in the case of Lars Jenster and Visicata ApS, (which is solely owned and controlled by him) on a combined basis) holds a share of 5% or more of the Company's voting rights.

Different voting rights, if any, of the issuer's major shareholders

Not applicable. (Each of the Shares carries one vote at the Issuer's general meeting.)

Direct or indirect control over the issuer and nature of such control

Wagner Family Holding ApS currently directly controls 91.63% of the voting rights in the Issuer (the "**Significant Shareholder**"). Therefore, Wagner Family Holding ApS, and ultimately its controlling indirect shareholder Flemming Wagner, is considered to hold a controlling interest in the Issuer pursuant to the Consolidated Act no. 12 of January 8, 2018 on Capital Markets, as amended, and the Danish Executive Order no. 1171 of October 31, 2017 on Takeover Bids.

B.7 **Selected key historical financial information**

The financial information contained in the following tables is taken or derived from the Issuer's unaudited consolidated condensed interim financial statements as of and for the three-month period ended March 31, 2019 including comparative figures as of and for the three-month period ended March 31, 2018, audited consolidated financial statements as of and for the fiscal year ended December 31, 2018, including comparative figures as of and for the fiscal year ended December 31, 2017, audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015 and the Issuer's internal reporting system. Financial information as of and for the fiscal

year ended December 31, 2017 is taken from the comparative figures included in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018. Such financial information, if compared to the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017, (i) has been adjusted or (ii) presented, in addition, in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018.

The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and additional disclosure requirements of the Danish Financial Statements Act. The unaudited consolidated condensed interim financial statements have been prepared in accordance with the International Accounting Standard 34 on "Interim Financial Reporting" (IAS 34) as adopted by the European Union.

The consolidated financial statements as of and for the fiscal year ended December 31, 2018, including comparative figures as of and for the fiscal year ended December 31, 2017 and the consolidated financial statements as of and for the fiscal year ended December 31, 2017, including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015 were audited by Ernst & Young Godkendt Revisionspartnerselskab, Osvald Helmuths Vej 4, Postboks 250, 2000 Frederiksberg, Denmark ("**Ernst & Young**"), as independent auditor of the Issuer. Ernst & Young issued unqualified auditor's reports as to such financial statements, respectively. The unaudited consolidated condensed interim financial statements were reviewed, but were not audited by Ernst & Young. Ernst & Young issued an unqualified auditor's review report as to such financial statements.

The aforementioned audited consolidated financial statements and unaudited consolidated condensed interim financial statements of the Issuer and the respective independent auditor's report and auditor's review report thereon are included in this Prospectus.

Where financial information in the following tables is labelled "**audited**", this means that it has been taken from the applicable audited financial statements mentioned above. Where financial information in the following tables is labelled "**reviewed**", this means that it has been taken from the unaudited consolidated condensed interim financial statements mentioned above. The label "**unaudited and unreviewed**" is used in the following tables to indicate financial information that has not been taken from the audited financial statements or the unaudited consolidated condensed interim financial statements mentioned above but rather was taken from the Issuer's internal reporting system, or has been calculated based on figures from those sources. The following tables also contain certain non-IFRS financial measures and ratios, including Adjusted EBITDA and Adjusted EBITDA margin that are not required by, or presented in accordance with, IFRS. Each such measure is defined specifically in the tables below the first time it is mentioned. The Company presents these non-IFRS financial measures because they are used by its management for monitoring the Group's business and management believes these non-IFRS financial measures facilitate an understanding of the underlying operating performance of the Group.

The non-IFRS financial measures used by the Company, including *inter alia* Adjusted EBITDA and Adjusted EBITDA margin, are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on October 5, 2015 on alternative performance measures. The definitions of the non-IFRS financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytic tools and should not be considered in isolation or as a substitute for analysis of the

Group's operating results as reported under IFRS.

Financial information presented in the text and tables below is shown in millions of euro (€ million) unless specified otherwise and is commercially rounded to one digit after the decimal point. Changes, including percentage changes, are calculated based on the numbers as presented in this Prospectus and commercially rounded to one digit after the decimal point. As a result of rounding effects, the aggregated figures in the tables may differ from the totals shown and the aggregated percentages may not equal 100%. In addition, rounded totals and subtotals in the tables may vary marginally from unrounded figures indicated elsewhere in this Prospectus.

In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not applicable/relevant, while a zero ("0.0") signifies that the relevant figure is applicable but has been rounded to or equals zero.

Consolidated income statement

	January 1 – March 31		January 1 – December 31		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € mio., unless specified otherwise)		(in € mio., unless specified otherwise)		
	(reviewed)		(audited, unless otherwise indicated)		
Revenue [1]	90.4	71.8	332.3	253.1	177.9
Cost of sales [2]	-79.2	-63.4	-291.5	-223.7	-157.2
Gross profit [3]	11.2	8.4	40.8	29.3	20.7
Other external costs	-2.4	-1.7	-8.2	-6.7	-4.5
Staff costs (Personnel expenses)	-5.7	-4.3	-19.0	-12.9	-9.6
Operating profit before depreciations, amortization and special items ("**Adjusted EBITDA**") [4]	3.1	2.4	13.6	9.8	6.6
Special items [5]	–	–	-1.1	-0.4	–
Operating profit before depreciations and amortization ("**EBITDA**") [6]	3.1	2.4	12.6	9.4	6.6
Depreciation and amortisation	-1.2	-0.7	-2.7	-1.9	-1.5
Operating profit (EBIT)	1.9	1.7	9.9	7.6	5.1
Finance income	0.0	0.0	0.1	0.2	0.2
Finance expenses	-0.5	-0.6	-2.6	-1.6	-0.8
Profit before tax	1.5	1.2	7.4	6.1	4.5
Tax	-0.4	-0.3	-2.0	-1.8	-1.2
Profit for the period	**1.1**	**0.8**	**5.4**	**4.3**	**3.3**

[1] Revenue includes revenue contribution of €-0.1 million for the three-month period ended March 31, 2018 and €-0.1 million, €0.2 million and €0.4 million for the fiscal years ended December 31, 2018, 2017 and 2016, respectively, which were related to exclusive producing, marketing and distribution activities carried out by the Company under the brand DayDose and in connection with the Company`s purchase of intellectual property rights related to DayDose in the fiscal year ended December 31, 2017 (the "**DayDose Activities**"). On September 1, 2018, the DayDose Activities were sold and transferred to DayDose ApS, a company wholly-owned by Wagner Family Holding ApS.

[2] Cost of sales includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018. Cost of sales of the DayDose Activities is internally calculated by the Company as 80% of revenue related to the DayDose Activities whereas negative revenue related to the DayDose Activities corresponds to positive cost of sales.

[3] Gross profit includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018. Gross profit also includes gross profit contribution related to the DayDose Activities of €-12 thousand for the three-month period ended March 31, 2018 and €-14 thousand, €44 thousand, €76 thousand for the fiscal years ended December 31, 2018, 2017 and 2016, respectively. Gross profit was referred to as „Product profit" in the audited consolidated financial

statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

[4] Adjusted EBITDA includes net costs (staff costs and external costs) related to the DayDose Activities amounting to approximately €0.3 million, €0.8 million, €1.4 million and €1.3 million in the three-month period ended March 31, 2018 and the fiscal years ended December 31, 2018, 2017 and 2016, respectively. Further, Adjusted EBITDA includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018 as well as severance payments to a former senior management member and resigned DayDose employees of €0.3 million in the fiscal year ended December 31, 2018 and one-off reorganisation costs of €59 thousand (comprising of legal expenses relating to corporate reorganisation in connection with DayDose Activities as well as the acqusition of Aposave ApS and Originalis B.V.) in the fiscal year ended December 31, 2017. Unaudited for the fiscal year ended December 31, 2016.

[5] Special items are costs incurred in connection with the preparation of the initial public offering (the "**IPO**"), the conversion of the consolidated financial statements from local Danish GAAP to IFRS prior to the IPO as well as costs for external advisors engaged in connection with the preparation of the IPO.

[6] EBITDA includes net costs (staff costs and external costs) related to the DayDose Activities amounting to approximately €0.3 million, €0.8 million, €1.4 million and €1.3 million in the three-month period ended March 31, 2018 and the fiscal years ended December 31, 2018, 2017 and December 31, 2016, respectively. Further, EBITDA includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018 as well as severance payments to a former senior management member and resigned DayDose employees of €0.3 million in the fiscal year ended December 31, 2018 and one-off reorganisation costs of €59 thousand (comprising of legal expenses relating to corporate reorganisation in connection with DayDose Activities as well as the acqusition of Aposave ApS and Originalis B.V.) in the fiscal year ended December 31, 2017.

Consolidated statement of other comprehensive income

	January 1 – March 31		January 1 – December 31		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Profit for the period	**1.1**	**0.8**	**5.4**	**4.3**	**3.3**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Cash flow hedges – effective portion of changes in fair value	0.6	0.0	-0.8	0.0	0.0
Exchange differences on translation of foreign operations	0.0	-0.1	-0.1	0.0	0.0
Income tax effect	-0.1	0.0	0.2	0.0	0.0
Other comprehensive income/(loss) for the period, net of tax	**0.4**	**0.0**	**-0.7**	**0.0**	**0.0**
Total comprehensive income	**1.5**	**0.8**	**4.7**	**4.3**	**3.3**

Consolidated balance sheet

	As of March 31		As of December 31		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Intangible assets	14.7	10.1	13.9	10.2	4.8
Property, plant and equipment	3.4	2.2	3.0	1.5	0.6
Right-of-use assets	3.1	–	–	–	–
Other receivables	1.0	0.2	0.3	0.2	0.1
Deferred tax assets	0.1	–	0.1	–	0.0
Total non-current assets	**22.2**	**12.5**	**17.3**	**11.9**	**5.5**
Inventory	51.3	36.6	59.6	33.4	19.7
Trade and other receivables	31.3	16.0	19.0	10.2	31.5

	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Cash [1]	2.9	2.8	1.3	1.0	1.4
Total current assets	**85.5**	**55.3**	**80.0**	**44.6**	**52.7**
Total Assets	**107.8**	**67.8**	**97.2**	**56.5**	**58.2**

[1] Cash was referred to as "Cash and cash equivalents" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Share Capital	0.4	0.4	0.4	0.4	0.4
Other reserves	-0.2	0.0	-0.7	0.0	0.0
Retained earnings	15.8	10.2	14.7	9.3	9.2
Total Equity	**15.9**	**10.5**	**14.4**	**9.7**	**9.5**

	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Non-current liabilities					
Deferred tax liabilities	2.2	1.3	1.9	1.1	0.7
Lease obligations	2.0	–	–	–	–
Other payables	–	6.3	–	1.0	0.1
Total non-current liabilities	**4.2**	**7.6**	**1.9**	**2.1**	**0.7**
Current liabilities					
Provisions	2.4	1.9	2.2	0.5	0.3
Borrowings	13.7	24.6	21.3	24.0	33.2
Lease obligations	1.1	–	–	–	–
Trade payables	18.9	12.2	11.4	11.2	7.0
Income tax payable	1.0	1.3	0.9	1.3	1.8
Other payables	50.5	9.7	45.2	7.8	5.7
Total current liabilities	**87.6**	**49.7**	**80.9**	**44.8**	**47.9**
Total liabilities	**91.8**	**57.3**	**82.8**	**46.8**	**48.7**
Total Equity and Liabilities	**107.8**	**67.8**	**97.2**	**56.5**	**58.2**

Consolidated cash flow Statement

	As of and for the three-month period ended March 31		As of and for the fiscal year ended December 31		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Net cash flow from operating activities	**12.1**	**2.4**	**13.2**	**21.0**	**-0.3**
Net cash flow used in investing activities	**-2.0**	**-1.2**	**-9.0**	**-5.0**	**-1.3**
Net cash flow from financing activities	**-8.6**	**24.6**	**20.2**	**-30.1**	**-0.9**
Cash flow for the period	**1.6**	**25.8**	**24.4**	**-14.1**	**-2.5**
Cash at January 1 [1]	**1.3**	**-23.0**	**-23.0**	**-8.9**	**-6.4**
Cash March 31/December 31 [2]	**2.9**	**2.8**	**1.3**	**-23.0**	**-8.9**

[1] Cash at January 1 was referred to as "Cash and cash equivalents and borrowings at 1 January" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

[2] Cash at December 31 was referred to as "Cash and cash equivalents and borrowings at 31 December" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

Additional key performance indicators and alternative performance measures (Non-IFRS measures)

The following table provides information about the Group's key performance indicators, including *inter alia* Adjusted EBITDA and Adjusted EBITDA margin, that the Company considers to be relevant for evaluating the success of Abacus Medicine's business for the periods indicated:

	As of and for the three-month period ended March 31		As of and for the fiscal year ended December 31		
	2019	**2018**	**2018**	**2017**	**2016**
	(in %, unless specified otherwise)		(in %, unless specified otherwise)		
	(unaudited and unreviewed, unless specified otherwise)		(unaudited and unreviewed, unless specified otherwise)		
Gross margin [1]	12.4	11.7	12.3	11.6	11.6
Revenue growth [2]	25.9	–	31.3	42.3	59.0
Adjusted EBITDA (in € mio.) [3]	3.1	2.4	13.6	9.8	6.6
Adjusted EBITDA margin [4]	3.4	3.3	4.1	3.7	3.7
Return on investment capital ("**ROIC**") [5]	2.2	1.9	11.2	11.4	8.1
Solvency ratio [6]	14.8	15.5	14.8	17.1	16.3
Return on equity [7]	7.3	7.9	44.5	45.1	36.7
Earnings per share (in €) [8]	0.1	0.1	0.7	0.6	0.5
Diluted earnings per share (in €) [9]	0.1	0.1	0.7	0.5	0.5

[1] Gross margin is calculated as gross profit divided by revenue.

[2] Revenue growth reflects the percentage change between the period and the comparative period.

[3] Reviewed for the three-month periods; audited for the fiscal years ended December 31, 2018 and December 31, 2017.

[4] Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue.

[5] ROIC is calculated as operating profit multiplied by 1 minus the effective tax rate divided by average invested capital. Average invested capital is defined as the sum of net working capital and non-current assets, whereas net working capital is defined as the sum of inventory, trade and other receivables minus trade payables.

[6] The Solvency ratio is calculated as equity at period end divided by total assets.

[7] Return on equity is calculated as profit for the period after tax divided by average equity. Average equity is the sum of shareholders' equity at the beginning and the end of the respective period, divided by two.

[8] Reviewed for the three-month periods; audited for the fiscal years as indicated below. Earnings per share is calculated as profit for the period divided by average number of shares outstanding for the same period. Average number of outstanding shares is calculated based on an average of the outstanding shares at the beginning and the end of the period. The figure "Earnings per share (in €)" as of and for the fiscal year ended December 31, 2017 is a comparative figure which was taken from the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018. The figure "Earnings per share (in €)" as of and for the fiscal year ended December 31, 2016 is unaudited.

[9] Reviewed for the three-month periods; audited for the fiscal years as indicated below. Diluted earnings per share is calculated as profit for the period divided by the average number of shares outstanding, including any dilutive effect of share options for the same period. Average number of outstanding shares is calculated based on an average of the outstanding shares at the beginning and end of the period including dilutive effect share options calculated as average of share options at the beginning and end of the period. The figure "Diluted earnings per share (in €)" as of and for the fiscal year ended December 31, 2017 is a comparative figure which was taken from the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018. The figure "Diluted earnings per share (in €)" as of and for the fiscal year ended December 31, 2016 is unaudited.

The financial ratios above are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios except the calculation of ROIC. The calculation of earnings per share and diluted earnings per share is based on the guidance in IAS 33.

In addition, the Management uses Adjusted gross profit, EBITDA (excluding exceptional items) and Adjusted gross profit margin and Adjusted (excluding exceptional items) EBITDA margin as alternative performance measures in order to assess the performance of Abacus Medicine's business. The following table shows these alternative performance measures (including a reconciliation to the IFRS numbers) for the periods indicated:

	January 1 – March 31		January 1 – December 31		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € mio., unless specified otherwise)				
	(reviewed, unless specified otherwise)		(audited, unless specified otherwise)		
Gross profit	**11.2**	**8.4**	**40.8**	**29.3**	**20.7**
Gross margin (in %) [1]	12.4	11.7	12.3	11.6	11.6
Adjustments for exceptional items:					
Inventory write-off in respect of a specific pharmaceutical product [1]	–	–	*0.5*	–	–
Adjusted gross profit (excluding exceptional items) [1, 2]	**11.2**	**8.4**	**41.3**	**29.3**	**20.7**
Adjusted gross profit margin (in %) (excluding exceptional items) [1, 2]	12.4	11.7	12.4	11.6	11.6
Operating profit (EBIT)	**1.9**	**1.7**	**9.9**	**7.6**	**5.1**
Depreciation and amortization	1.2	0.7	2.7	1.9	1.5
EBITDA	**3.1**	**2.4**	**12.6**	**9.4**	**6.6**
EBITDA margin (in %) [1]	**3.4**	**3.3**	**3.8**	**3.7**	**3.7**
Adjusted EBITDA	**3.1**	**2.4**	**13.6**	**9.8**	**6.6** [1]
Adjusted EBITDA margin (in %) [1]	**3.4**	**3.3**	**4.1**	**3.9**	**3.7**
Adjustments for exceptional items:					
thereof: inventory write-off in respect of a specific pharmaceutical product [1]	–	–	*0.5*	–	–
thereof: costs for reorganisation and severance payments [1]	–	–	*0.3*	*0.1*	–
Adjusted EBITDA (excluding exceptional items) ("Adjusted EBITDA II") [1]	**3.1**	**2.4**	**14.5**	**9.9**	**6.6**
Adjusted EBITDA margin (excluding exceptional items) (in %) ("Adjusted EBITDA II Margin") [1]	**3.4**	**3.3**	**4.3**	**3.9**	**3.7**
Adjustments for exceptional items:					
Costs for DayDose Activities [1]	–	*0.3*	*0.8*	*1.4*	*1.3*

Adjusted EBITDA (excluding exceptional items and DayDose Activities) ("Adjusted EBITDA III") [1]	**3.1**	**2.7**	**15.3**	**11.2**	**8.0**
Adjusted EBITDA margin (excluding exceptional items and DayDose Activities) (in %) ("Adjusted EBITDA III Margin") [1]	**3.4**	**3.8**	**4.6**	**4.4**	**4.5**

[1] Unaudited and unreviewed.

[2] Including gross profit contribution related to the DayDose Activities of €-12 thousand for the three-month period ended March 31, 2018 and €-14 thousand, €44 thousand and €76 thousand for the fiscal years ended December 31, 2018, 2017 and 2016, respectively.

Significant changes to the issuer's financial condition and operating results during and subsequent to the period covered by the historical key financial information

The following significant changes in Abacus Medicine's financial condition and operating results occurred in the three-month periods ended March 31, 2019 and 2018, in the fiscal years ended December 31, 2016, 2017 and 2018, and in the subsequent period:

Recent Developments – Update

Between March 31, 2019 and the date of this Prospectus, operational business has developed at the expected level, and revenue and Adjusted EBITDA have been in line with management's expectations. The management estimates that revenue for the remaining part of 2019 will develop in line with the performance of the Company in the three-month period ended March 31, 2019, whereas Adjusted EBITDA is expected to be at a slightly lower level in the fourth quarter as compared to the three-month period ended March 31, 2019.

As per December 31, 2018 and as per March 31, 2019, the solvency covenant under the Multi-Option Facility Agreement was breached as the Company did not generate the anticipated proceeds from its initial intend to conduct a public offering in October 2018. However, waivers have been granted by Danske Bank A/S, and by way of an addendum to the Multi-Option Facility Agreement dated May 9, 2019, the solvency ratio under the Multi-Option Facility Agreement dated October 10, 2018 has been reduced to a lower level until June 30, 2020, a level at which the Company would not have been in breach with the respective covenant as of the respective dates mentioned above.

Apart from this, there have been no significant changes in the Company's financial and commercial position since March 31, 2019 until the date of this Prospectus.

Three-month periods ended March 31, 2018 and March 31, 2019

In the three-month period ended March 31, 2019, revenue increased from €71.8 million in the three-month period ended March 31, 2018 by €18.6 million, or 25.9%, to €90.4 million, reflecting the increase in Parallel Imports and Parallel Distribution. In the three-month period ended March 31, 2019, the activities of Aposave contributed revenue of €1.8 million, of which €1.0 million were attributable to the Unlicensed Medicine business while €0.8 million were attributable to Clinical Trials Services. The DayDose Activities had a negative effect on revenue of € -0.1 million in the three-month period ended March 31, 2018. From a geographic perspective, revenue achieved in the three-month period ended March 31, 2019 generally continued to increase across the Group's most important markets, with strong growth in Sweden, Denmark, the Netherlands and Other countries, except for Germany, where revenue slightly decreased from €45.9 million in the three-month period ended March 31, 2018 by €0.6 million, or -1.3%, to €45.3 million in the three-month period ended March 31, 2019 primarily due to reduced production for the German market following the implementation of the new enterprise resource planning ("**ERP**") system and the related increase of staff and external IT consultants as well as investments in IT-software and

hardware and serialisation equipment necessary to comply with the FMD in early 2019.

Other external costs increased from €1.7 million in the three-month period ended March 31, 2018 by €0.7 million, or 41.2%, to €2.4 million, primarily due to strategic decisions of the Board of Directors to prepare for further growth by expanding the Group's Parallel Trading business and entering new business areas through Aposave, efforts which required investments, *inter alia*, in the new ERP system and maintenance thereof, as well as expenses for travel, consultants, facilities expansion, advertising and recruitment of the Aposave team to prepare for the expected growth. Consequently, personnel expenses increased from €4.3 million in the three-month period ended March 31, 2018 by €1.4 million, or 32.6%, to €5.7 million, primarily due to an increase in the average number of full-time employees which increased by 176 employees, or 45%, from 391 employees as of March 31, 2018 to 567 employees as of March 31, 2019. The increase in personnel expenses was a reflection of the growth in revenue, necessitating additional employees for repacking, regulatory compliance (in particular, compliance with the FMD) and the hiring of a senior team for the Aposave business.

Adjusted EBITDA increased from €2.4 million in the three-month period ended March 31, 2018 by €0.7 million, or 29.2%, to €3.1 million, mainly due to the Group's expansion and related personnel and administrative costs to support the Group's future growth, which had a negative impact, whereas the first-time application of the new accounting standard IFRS 16 Leases with effect from January 1, 2019 resulted in a change in the presentation of operational leasing contracts previously recognised as Other external costs which are now being recognised as right-of-use assets and lease liabilities. The right-of-use assets are depreciated, and the lease liabilities are repaid over the contract periods which results in a positive impact on Adjusted EBITDA. The Adjusted EBITDA III increased from €2.7 million in the three-month period ended March 31, 2018 by €0.4 million, or 14.8%, to €3.1 million in the three-month period ended March 31, 2018 while Adjusted EBITDA III Margin decreased from 3.8% to 3.4%, respectively.

Fiscal year ended December 31, 2017 and December 31, 2018

Revenue increased from €253.1 million in the fiscal year ended December 31, 2017, by €79.2 million, or 31.3%, to €332.3 million in the fiscal year ended December 31, 2018 reflecting the increased volume in Parallel Imports and Parallel Distribution. Revenue in Denmark increased from €34.8 million in the fiscal year ended December 31, 2017 by €2.8 million, or 8.0%, to €37.6 million in the fiscal year ended December 31, 2018, due to gains in market share among hospitals. Such gains were driven by successful hospital tenders and supported by the liquidation of a Danish Parallel Trade competitor, Europharma ApS. Revenue in Germany increased from €149.9 million in the fiscal year ended December 31, 2017 by €39.7 million, or 26.5%, to €189.6 million in the fiscal year ended December 31, 2018, mainly due to a new collaboration with a new wholesale customer established in the fiscal year ended December 31, 2018. Further, in February 2018, the Group established an inventory hub in Berlin, to be able to directly supply the German customers faster which has also driven an increase in the sales on the German market.

Adjusted EBITDA increased from €9.8 million in the fiscal year ended December 31, 2017 by €3.8 million, or 38.8%, to €13.6 million in the fiscal year ended December 31, 2018 mainly due to the Group's growth in revenue and the partially offset by staff costs and administrative costs incurred to support the Group's future growth. The Adjusted EBITDA margin increased from 3.9% in the fiscal year ended December 31, 2017

to 4.1% in the fiscal year ended December 31, 2018. The Adjusted EBITDA III increased from €11.2 million in the fiscal year ended December 31, 2017 by €4.1 million, or 36.6%, to €15.3 million in the fiscal year ended December 31, 2018 while the Adjusted EBITDA III Margin increased from 4.4% to 4.6%, respectively.

Operating profit increased from €7.6 million in the fiscal year ended December 31, 2017 by €2.3 million, or 30.3% to €9.9 million in the fiscal year ended December 31, 2018. Abacus Medicine's total non-current assets increased from €11.9 million as of December 31, 2017, by €5.4 million, or 45.4%, to €17.3 million as of December 31, 2018, which was mainly due to an increase in intangible assets and property, plant and equipment. Abacus Medicine's intangible assets increased from €10.2 million as of December 31, 2017, by €3.7 million, or 36.3%, to €13.9 million as of December 31, 2018, mainly driven by investments in IT, including investments in the new ERP system during 2018 and the continued purchase of licences to facilitate further growth. Abacus Medicine also invested in the IT-software and hardware and serialisation equipment necessary to comply with the FMD Directive.

Fiscal years ended December 31, 2016 and December 31, 2017

In the fiscal year ended December 31, 2017, revenue increased from €177.9 million in the fiscal year ended December 31, 2016, by €75.2 million, or 42.3%, to €253.1 million in the fiscal year ended December 31, 2017, due to the expansion of Abacus Medicine's customer base as well as additional product licences and the entry into new geographic markets. In Denmark, revenue increased from €17.3 million in the fiscal year ended December 31, 2016 by €17.5 million, or 101.2%, to €34.8 million in the fiscal year ended December 31, 2017, primarily due to successful hospital supply contract tenders and the resulting gain in market share, which benefited from the liquidation of the former competitor Europharma ApS. Revenue in Germany increased from €102.9 million in the fiscal year ended December 31, 2016 by €47.0 million, or 45.7%, to €149.9 million in the fiscal year ended December 31, 2017, primarily due the success of efforts to diversify product sourcing, which led to the addition of more than 200 new licences for the German market. Operating profit increased from €5.1 million in the fiscal year ended December 31, 2016 by €2.5 million or 49.0% to €7.6 million in the fiscal year ended December 31, 2017 due to the profitable increase in activities in the period as reflected by the increase in revenue, while – as an off-setting factor – the average number of full time employees in the Group increased from 206 as of December 31, 2016 to 349, or 69.4% as of December 31, 2017, leading to increased personnel costs. EBITDA increased from €6.6 million in the fiscal year ended December 31, 2016 by €2.8 million, or 42.4%, to €9.4 million in the fiscal year ended December 31, 2017 also primarily due to increases in personnel expenses while the EBITDA margin remained stable in the fiscal year ended December 31, 2017 at 3.7% compared to 3.7% in the fiscal year ended December 31, 2016. The Adjusted EBITDA III increased from €8.0 million in the fiscal year ended December 31, 2016 by €3.2 million, or 40%, to €11.2 million in the fiscal year ended December 31, 2017 while the Adjusted EBITDA III Margin slightly decreased from 4.5% to 4.4%, respectively.

Abacus Medicine's Intangible assets increased from €4.8 million as of December 31, 2016, by €5.4 million, or 112.5%, to €10.2 million as of December 31, 2017, mainly driven by acquired IP rights, investments in IT and goodwill in the context of the acquisition of Aposave as well as an increase of capitalised costs related to the increase of the product licences.

B.8	**Selected key *pro forma* financial information**	Not applicable. (The Issuer has not prepared *pro forma* financial information for inclusion in this Prospectus.)
B.9	**Profit forecast or estimate**	The Company currently expects revenue growth compared to the fiscal year ended December 31, 2018 to be in the range of 20% to 35% for the fiscal year ending December 31, 2019 or revenue between €400.0 and €445.0 million. The Company expects Gross Profit for the fiscal year ending December 31, 2019 to be in the range of 12.0% to 12.5% of revenue, and expects Operating Profit before depreciation, amortization and special items (Adjusted EBITDA) to be in the range of 4.1% to 4.6% of revenue with special items, *i.e.* costs incurred by the Company in connection with the preparation of the IPO amounting to approximately €0.6 million.
B.10	**Qualifications in the audit report on the historical financial information**	Not applicable. (The independent auditor's reports on the historical financial statements included in this Prospectus have been issued without qualification.)
B.11	**Insufficiency of the issuer's working capital for its present requirements**	Not applicable. (The Issuer is of the opinion that the Group is in a position to meet the payment obligations that become due within at least the next twelve months from the date of this Prospectus.)

C – Securities

C.1	**Type and class of the securities being offered and/or admitted to trading**	This Offering consisting of: • 3,586,207 existing ordinary shares from the holdings of Wagner Family Holding ApS (the "**Lending Shareholder**") to be made available to the Underwriter by way of a share loan for the purpose of placing such Shares in the Offering (the "**Share Loan Shares**"); to the extent Share Loan Shares will be placed in the offering the share loan will be returned by way of delivery by the Underwriter to the Lending Shareholder of a corresponding number of new ordinary shares to be issued through a capital increase against contribution in cash (the "**IPO Capital Increase**") pursuant to an authorisation to the Board of Directors resolved by the annual general meeting of the shareholders of the Issuer held on May 2, 2019 (the "**New Shares**"); • 719,996 existing ordinary shares from the holdings of Wagner Family Holding ApS, Lars Jenster, Visicata ApS (which is solely owned and controlled by Lars Jenster) and L. Conradsen Holding ApS (the "**Selling Shareholders**") (the "**Secondary Shares**"); and • 645,930 existing ordinary shares from the holdings of Wagner Family Holding ApS (the "**Greenshoe Shareholder**") in connection with a possible over-allotment, which may not exceed 15% of the final number of Share Loan Shares and Secondary Shares placed in the Offering (the "**Over-Allotment Shares**", and together with the Share Loan Shares and the Secondary Shares, the "**Offer Shares**"), each such share with a €0.05 nominal value and entitled to receive dividends (the "**Offering**"). For the purpose of the admission to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (*Prime*

		Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), this Prospectus relates to up to 3,586,207 New Shares and 7,450,000 existing ordinary shares of the Issuer (the Issuer's share capital as of the date of this Prospectus), each such share with a €0.05 nominal value (the "**Listing**"). Following registration of the IPO Capital Increase, it is expected that the Issuer's share capital will be divided into up to 11,036,207 ordinary shares. All securities being offered and to be admitted to trading are ordinary shares.
	Security identification number	International Securities Identification Number (ISIN) ..... DK0061111739 German Securities Identification Number (*Wertpapierkennnummer*, WKN) ..... A2N6X0 Common Code ..... 189556209 Trading Symbol ..... ABC
C.2	**Currency**	Euro
C.3	**Number of shares issued and fully paid**	As of the date of this Prospectus, the nominal share capital of the Issuer amounts to €372,500.00 and is divided into 7,450,000 ordinary shares that have been issued. The share capital has been fully paid up. The Company holds no treasury shares.
	Nominal value	Each Share represents a share of nominal value of €0.05 in the Issuer's share capital.
C.4	**Description of the rights attached to the securities**	All Shares, including the Offer Shares, have the same rights and the Offer Shares will rank *pari passu* with all other Shares in the Company in respect of voting rights, pre-emption rights, redemption, conversion and restrictions or limitations according to the articles of association of the Issuer (the "**Articles of Association**") or eligibility to receive dividends or proceeds in the event of dissolution and liquidation. No Shares carry special rights, restrictions or limitations pursuant to the Articles of Association. Each Share with a nominal value of €0.05 gives the holder the right to one vote at the Issuer's shareholders' meeting and to receive distributed dividends. Each shareholder is entitled to have specific business transacted at the general meeting, provided that the shareholder submits a written request to that effect to the Board of Directors not later than six weeks before the date of the general meeting.
C.5	**Description of any restrictions on the free transferability of the securities**	Not applicable. (The Shares are negotiable instruments and no restrictions under the Article of Association or Danish law apply to the transferability of the Shares.)
C.6	**Application for admission to trading on a regulated market and identity of regulated markets where the securities are to be traded**	The Issuer will, together with Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany ("**Berenberg**" or the "**Underwriter**"), apply for the admission of the Shares (except for the New Shares) to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (P*rime Standard*) on or about May 23, 2019. The listing approval for the Shares (except for the New Shares) is expected to be granted on May 29, 2019. Trading in the Shares (except for the New Shares) on the Frankfurt Stock Exchange is planned to commence on May 31, 2019.

		The Issuer will, together with Berenberg, apply for the admission of the New Shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (*Prime Standard*) on or about May 23, 2019. The listing approval for the New Shares is expected to be granted on June 4, 2019. Inclusion of the New Shares into the by then existing quotation of the Shares on the Frankfurt Stock Exchange is planned to commence on June 6, 2019.
C.7	**Dividend policy**	Any dividend payment will be made in accordance with applicable laws, and will depend upon, among other factors, the Company's results of operations, financial condition, contractual restrictions and capital requirements. Currently, the Company intends to use all available financial resources to finance and implement its strategy to grow the Company's current and future business and currently has no plans to distribute dividends in the near future.

D – Risks

Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Prospectus, before making an investment decision with respect to investing in Shares. The occurrence of any of these risks, individually or together with other circumstances, could have a material adverse effect on the business, results of operations and financial position of the Issuer or the Group. The sequence of risk factors set out below is not a statement about the probability of occurrence, degree or importance of the individual risks.

The risk factors are based on assumptions that could turn out to be incorrect. Furthermore, other risks, facts or circumstances not presently known to the Issuer could prove to be important and could have a material adverse effect on the business, results of operations and financial position of the Issuer. The value of the Shares could decline as a result of the occurrence of any of these risks, and investors could lose all or part of their investments.

D.1	**Key information on the key risks that are specific to the issuer or its industry**	**Risks related to the market and industry in which the Company operates** • *1.1.1 Parallel Trading is subject to a multitude of laws and regulations on national and EU level applicable to manufacturers and distributors of pharmaceutical products that may be subject to frequent changes, and failure to adapt to and comply with such laws and regulations may adversely affect Abacus Medicine's business.* • *1.1.2 Parallel Trading in pharmaceutical products will be uneconomical if the price difference between the country of purchase and the country of sale does not exceed the costs of transport, repackaging and resale.* • *1.1.3 Original marketing authorisation holders or manufacturers of pharmaceutical products may try to limit the efforts of Parallel Trading.* • *1.1.4 Parallel Trading quotas supporting the sale of the respective pharmaceutical products might be reduced or abolished.* • *1.1.5 Fostering generic pharmaceutical products and increased use of customised pharmaceutical products may lower demand for Parallel Traded pharmaceutical products.* • *1.1.6 If individual countries were to withdraw from the Economic*

and Monetary Union, Parallel Trading could become economically more difficult due to the resulting increases or decreases in the value of currencies. If individual countries were to withdraw from the EU at all or if the EU were to collapse altogether, the business model of Parallel Trading would be even more at risk.

- *1.1.7 Parallel Trading is characterised by intense competition and other factors limiting market access.*

Risks related to the Company

- *1.2.1 Quality deficiencies in the pharmaceutical products sold by Abacus Medicine (including falsified and counterfeit products) may result in warranty claims and losses in sales and damage the reputation of the Company.*
- *1.2.2 Abacus Medicine is dependent on a strong and reliable network of suppliers, and a loss of suppliers, interruptions in the availability of sufficient supply, disruptions to the supply chain or the inability of the Group to source the required amount of pharmaceutical products within a given price range could adversely affect the Group's business operations.*
- *1.2.3 Should wholesalers set up their own Parallel Trading company or should wholesalers or other large customers terminate or significantly reduce their business relation with Abacus Medicine, this could have a detrimental effect on Abacus Medicine.*
- *1.2.4 Pharmaceutical products may not be available for supply due to e.g. product shortage.*
- *1.2.5 Some of the products traded by the Group are hazardous or contain hazardous ingredients.*
- *1.2.6 The Group depend on third-party carriers for the delivery of the pharmaceutical products purchased and sold.*
- *1.2.7 Disruptions or failures of the Group's information technology systems or of any systems from service providers used by the Group could have a material adverse effect on its business.*
- *1.2.8 Disruptions of the Group's repackaging, warehouse and logistics facilities may adversely affect the Company's business.*
- *1.2.9 Abacus Medicine is subject to constant funding and liquidity requirements. Unavailability of funding sources may adversely affect the Group's business.*
- *1.2.10 The Group is subject to the credit risk of its suppliers and customers.*
- *1.2.11 The Group may be unable to efficiently manage its inventory levels which may lead to substantial write-offs.*
- *1.2.12 Covenants in the Group's debt financing could limit its financing and operational flexibility.*
- *1.2.13 If refinancing of existing financing agreements is necessary in the future, the Group will be economically dependent on the terms that are offered at that time. The Company may also require additional financing in the future, and such financing may not be available on favourable terms, or at all, and may be dilutive to shareholders in case of equity capital transactions.*
- *1.2.14 In the event of an insolvency proceeding of Goofy-Sam*

Holding B.V., Abacus Medicine would incur losses as a consequence of a convertible loan granted by Abacus Medicine to the company and Abacus Medicine would – upon conversion of such loan into equity – become a shareholder whose claims would be subordinated to all other existing and future claims of creditors of Goofy-Sam Holding B.V. in the context of an insolvency scenario.

- *1.2.15 The Group's future results may differ materially from what is expressed or implied by the forecast of consolidated financial information included in this Prospectus, and investors should not place undue reliance on this information.*
- *1.2.16 The Group's existing compliance structure may not be sufficient.*
- *1.2.17 There is no guarantee that the Group has sufficiently coped with and will be able to successfully manage potential future growth.*
- *1.2.18 Expansion into new markets or other areas of business may fail, be cost intensive and investments in future activities may not bring the intended results.*
- *1.2.19 The Group may not be able to consummate targeted acquisitions or assess all risks associated with future acquisitions.*
- *1.2.20 The international scope of the Group's operations and corporate and financing structure may expose it to potentially adverse tax consequences; including financial risks and fines resulting from any mistakes in monitoring, controlling and complying with the various VAT regimes.*
- *1.2.21 The Group's tax burden could increase as a result of future tax audits.*
- *1.2.22 Abacus Medicine may be exposed to litigation risks regarding the repackaging of specific pharmaceutical products which may impede the further distribution of such products and lead to additional costs; Abacus Medicine may also be subject to risks from future legal, administrative and arbitration proceedings for other reasons.*
- *1.2.23 Changes in interest rates may adversely affect the Group's earnings.*
- *1.2.24 The Group is exposed to currency risks associated with changes in currency exchange rates, and its hedging strategy could fail.*
- *1.2.25 The Group's insurance coverage may be inadequate, may increase in cost and may not cover certain risks or unexpected events.*
- *1.2.26 The Group depends on its members of management and may not be able to attract and retain key and highly qualified personnel.*
- *1.2.27 The Company may be adversely affected by the transition to being a public company.*

D.3 **Key risks specific to the securities**

Risks related to the Shareholder Structure and to the Offering and Listing

- *1.3.1 Following the Offering, the Significant Shareholder will continue to be a large shareholder and may control or otherwise influence important actions the Group takes, and its interest may*

conflict with those of the other shareholders of the Company.

- *1.3.2 Future sales of Shares after the Offering may cause a decline in the market price of the Shares.*
- *1.3.3 The Shares have not previously been publicly listed, and there is no guarantee that an active and liquid market for the Shares will develop. The free float may remain limited for the foreseeable future.*
- *1.3.4 The market price and trading volume of the Shares may fluctuate significantly and could decline upon completion of the Offering, and investors could lose some or all of their investment.*
- *1.3.5 The Company will have broad discretion in how it uses the net proceeds from the Offering and if the Company fails to use them effectively the price of the Company's Shares may decline.*
- *1.3.6 The Offering might not take place, and investors could lose security commissions already paid and bear the risk of not covering any short sales of the Shares; in case of a termination following settlement of the Offer Shares, the IPO Capital Increase may not be implemented.*
- *1.3.7 The issuance of additional Shares in particular without pre-emption rights may dilute all other shareholdings or may cause a decline in the market price of the Shares.*
- *1.3.8 Shareholders may earn a negative return or no return on their investment in the Company.*
- *1.3.9 Differences in exchange rates may materially adversely affect the value of shareholdings or dividends paid.*
- *1.3.10 Shareholders in certain non-Danish jurisdictions may not be able to participate in future equity offerings.*
- *1.3.11 Investors' rights as shareholders will be governed by Danish law and differ in some respects from the rights of shareholders under the laws of other countries.*
- *1.3.12 The Offer Price per share will exceed the net book value per share of the Company's equity.*
- *1.3.13 The Offering may not be implemented in full which may negatively affect the growth prospects of the Company and/or the liquidity of the shares in the market.*

E – Offer

E.1 Total net proceeds

Estimate of the total expenses of the offering and listing, including estimated expenses charged to the investor by the issuer	The Issuer and the Selling Shareholders will bear the costs related to the Offering of the Offer Shares and listing of the Issuer's entire share capital, including underwriting and placement commissions payable to the Underwriter. Such total costs are expected to amount to approximately €5.2 million at the mid-point of the price range (assuming placement of all Offer Shares, full exercise of the Greenshoe Option (as defined below in E.3) and payment of the discretionary fee in full). Of the total cost, the Selling Shareholders will bear approximately €1.4 million and the Issuer will bear the remaining €3.8 million.

		Investors will not be charged expenses by the Issuer, the Selling Shareholders or the Underwriter in those respective capacities. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.
E.2	**Reasons for the Offering**	The Issuer intends to list the Shares (including the New Shares) on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (*Prime Standard*) to achieve better access to the capital markets. The Issuer also intends to pursue the Offering to use the proceeds from the issuance of the New Shares to optimise its financing structure. Wagner Family Holding ApS intends to partially use the net proceeds resulting from the sale of its portion of the Secondary Shares, and of the Over-Allotment Shares, if any, to repay debt from a loan agreement entered into to finance the acquisition of a stake in the Company from a former shareholder, to divest its stake in the Issuer and to ensure sufficient free float and trading liquidity in the Shares. The other Selling Shareholders intend to sell their portion of the Secondary Shares to pay capital gain taxes imposed on them as a result of the Offering and Listing.
	Use of proceeds	The Company intends to use a substantial part of the net proceeds from the issuance of the New Shares to strengthen its equity capital basis in view of the anticipated growth of business operations and to improve the Group's liquidity. In particular, it is intended to – invest €30–40 million to increase purchasing power by increasing purchasing capacity to cater to needs of certain customer groups, *e.g.*, increasing relationships with pharmacies, and to improve order completion ratios and solvency ratios to decrease financing costs; – spend €5–10 million in the context of the expansion of the Unlicensed Medicine, Managed Access Programs and Clinical Trials Services business segments and market consolidation – invest €4–7 million in tangible and intangible assets for the expansion of the Company's licence portfolio to further drive revenue and for investments in its manufacturing facilities in Hungary and the Netherlands (leasehold improvements, machines); – invest €3–5 million in growth and operational excellence, further roll-outs of its new ERP system, increasing headcount of IT- and regulatory experts and for general corporate purposes.
	Estimated net amount of the proceeds	The Issuer expects to receive gross proceeds of approximately €54.7 million in the Offering and net proceeds of approximately €50.9 million at the mid-point of the price range. The Selling Shareholders expect to receive from the sale of the Secondary Shares gross proceeds of approximately €11.0 million in the Offering and net proceeds of approximately €10.2 million at the mid-point of the price range.
E.3	**Offer conditions**	The Offering consists of an IPO in the Federal Republic of Germany ("**Germany**") and private placements in certain jurisdictions outside Germany. The Offer Shares will be offered and sold only in offshore transactions in compliance with Regulation S under the United States Securities Act of 1933, as amended.

Offer Period	The period during which investors may submit purchase orders for the Offer Shares is expected to commence on May 23, 2019 and to end on May 29, 2019 (the "**Offer Period**"). On the last day of the Offer Period, offers to purchase may be submitted (i) until 11:59 p.m. (Central European Summer Time) ("**CEST**") by private investors, and (ii) until 3:00 p.m. (CEST) by institutional investors. Purchase orders from institutional investors and private investors are freely revocable until the respective Offer Period expires. Revocation of purchase orders cannot occur after allocation of the Offer Shares.
Price Range and Offer Price	The price range within which offers to purchase may be submitted is €14.50 to €16.00 per Offer Share (the "**Price Range**"). The final price per Offer Share (the "**Offer Price**" and the final number of Offer Shares placed in the Offering (*i.e.*, the result of the Offering) are expected to be set on May 30, 2019. After the Offer Price has been set, the Offer Shares will be allotted to investors on the basis of the offers to purchase then available. The Offer Price and the final number of Offer Shares are expected to be published on or about May 30, 2019 by means of an *ad hoc* release on an electronic information dissemination system and on the Issuer's website. The number of Secondary Shares to be placed will be determined by the Selling Shareholders in consultation with the Underwriter on the date of pricing, depending on market demand and using the order book prepared during the bookbuilding process. Should the placement volume prove insufficient to satisfy all orders placed at the placement price, the Underwriter reserves the right to reject orders, or to accept them in part only.
Amendments to the Terms of the Offering	The Company reserves the right, after consultation with the Underwriter, to reduce or increase the number of the Offer Shares, to reduce or increase the upper and lower limits of the Price Range and/or to extend or shorten the Offer Period. To the extent that the terms of the Offering are changed, such change will be published through electronic media, on the Company's website (www.abacusmedicine.com) and, if required by law, as an *ad hoc* release and/or as a supplement to this Prospectus, as the case may be. The underwriting agreement between the Company, the Selling Shareholders and the Underwriter provides that the Underwriter may, under certain circumstances, terminate the Underwriting Agreement, including after the Offer Shares have been allotted and listed, up to delivery and settlement. If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allotments already made to investors will be invalidated and investors will have no claim for delivery. Claims with respect to fees already paid and costs incurred by an investor in connection with the Offering will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in shortselling bear the risk of being unable to satisfy their delivery obligations.
Delivery and Payment	Payment of the Offer Price is expected to be made by investors on May 31, 2019. The delivery of the Offer Shares is expected to take place on May 31, 2019. The Offer Shares will be made available to the shareholders in book-entry form.

	Stabilisation Measures, Over-Allotment and Greenshoe Option	In connection with the placement of the Offer Shares, Berenberg will act as stabilisation manager (the "**Stabilisation Manager**") and may, as Stabilisation Manager, and acting in accordance with legal requirements (Article 5 para. 4 and 5 of the Market Abuse Regulation (EU) No. 596/2014 in conjunction with Articles 5 through 8 of the Commission Delegated Regulation (EU) 2016/1052), make over-allotments and take stabilisation measures to support the market price of the Shares and thereby counteract any selling pressure. The Stabilisation Manager is under no obligation to take any stabilisation measures. Therefore, stabilisation may not necessarily occur and may cease at any time. Such measures may be taken from the date when trading in the Shares is commenced on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must be terminated no later than 30 calendar days after this date (the "**Stabilisation Period**"). Under the possible stabilisation measures, investors may, in addition to the Share Loan Shares and Secondary Shares, be allocated up to 645,930 Over-Allotment Shares as part of the allocation of the Offer Shares. For the purpose of such a potential over-allotment, the Stabilisation Manager will be provided with 645,930 existing Shares from the holdings of the Greenshoe Shareholder in the form of a securities loan (the "**Borrowed Shares**"). The total number of Over-Allotment Shares will not exceed 15% of the final number of Share Loan Shares and Secondary Shares placed in the Offering. The Greenshoe Shareholder granted the Underwriter an option to acquire all or a portion of the Borrowed Shares at the Offer Price less agreed fees and commissions (the "**Greenshoe Option**", and the final number of borrowed Shares to be purchased by the Stabilisation Manager, the "**Greenshoe Shares**"). The Greenshoe Option may be exercised only during the Stabilisation Period. The Stabilisation Manager is entitled to exercise the Greenshoe Option to the extent over-allotments were initially made; the Stabilisation Manager is entitled to exercise this option during the Stabilisation Period even if such exercise follows any sale of shares by the Stabilisation Manager which the Stabilisation Manager had previously acquired as part of any stabilisation measures (so-called "refreshing the shoe"). Within one week of the end of the Stabilisation Period, the Stabilisation Manager will ensure adequate public disclosure as to whether stabilisation was undertaken, the date on which stabilisation started and last occurred, and the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out and the trading venue(s) on which the stabilisation transactions were carried out, where applicable.
E.4	**Interests material to the issue/offer including conflicting interests**	The Issuer intends to list its Shares (including the New Shares) on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post- admission obligations (*Prime Standard*) to achieve better access to the capital markets. The Issuer also intends to pursue the Offering to receive the proceeds from the placement of the Share Loan Shares to optimise its financing structure. The Selling Shareholders will receive the proceeds from the sale of the Secondary Shares and, in the case of the Greenshoe Shareholder, the exercise of the Greenshoe Option (after deduction of fees and expenses). Assuming sale of all Secondary Shares at the mid-point of the Price Range, following exercise of the Greenshoe Option in full and after

deducting fees and expenses to be paid by the Selling Shareholders in connection with the Offering, the proceeds to the Selling Shareholders from the Offering would amount to approximately €19.4 million, or 27.6% of the total net proceeds from the Offering. Accordingly, the Selling Shareholders have an interest in the success of the offering at the best possible terms.

The Underwriter acts for the Issuer and the Existing Shareholders on the Offering and coordinates the structuring and execution of the Offering. Upon successful implementation of the Offering, the Underwriter will receive a commission. As a result of these contractual relationships, the Underwriter has a financial interest in the success of the Offering.

Furthermore, in connection with the Offering, the Underwriter and any of its affiliates, acting as an investor for their own account, may acquire Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. In addition, the Underwriter or its affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Underwriter (or its affiliates) may from time to time acquire, hold or dispose of Shares.

The Underwriter or its affiliates may from time to time in the future have, business relations with the Group or may perform services for the Group in the ordinary course of business.

E.5 **Name of the person or entity offering to sell the security**

The Offer Shares are being offered for sale by the Underwriter.

Lock-up agreement: the parties involved; and indication of the period of the lock-up

In the underwriting agreement, the Issuer agreed with the Underwriter that until the end of a period of six months following the first business day after the inclusion of the New Shares into the by then existing quotation of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 6, 2019), to the extent legally permissible, without the prior written consent of the Underwriter, which may not be unreasonably withheld or delayed, the Issuer will not, and will not agree to:

- announce or effect an increase of the share capital of the Issuer from authorised capital;
- propose to its general meeting an increase of the share capital; or
- announce, effect or propose the issue of financial instruments constituting options or warrants convertible into Shares or economically equivalent transactions (including derivative transactions).

For the period commencing on May 22, 2019 and ending 180 days after the first day of trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on May 31, 2019), each of the Existing Shareholders (including the Selling Shareholders), severally and not jointly, undertook in writing that they will not:

- offer, pledge, allot, distribute, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, transfer or otherwise dispose of, directly or indirectly (including, but not limited to, the issuance or sale of any securities exchangeable into Shares), any Shares held by it or any of its affiliates or enter into or perform any economically equivalent

transaction;

- cause or approve, directly or indirectly, the announcement, execution or implementation of any increase in the share capital of the Issuer or a direct or indirect placement of Shares (other than the IPO Capital Increase);
- propose, directly or indirectly, any increase in the share capital of the Issuer to any meeting of the shareholders for resolution, or vote in favour of such a proposed increase; or
- cause or approve, directly or indirectly, the announcement, execution or proposal of any issuance of financial instruments constituting options or warrants convertible into Shares or economically equivalent transactions (including derivative transactions).

The foregoing shall not apply to up to 50% of the shares that an employee holding warrants can receive as a result of the exercise under the Company's 2016 warrant programme and to (ii) the sale and transfer of the Offer Shares in connection with the Offering or to any pledges of shares held by Wagner Family Holding as are or may be required under financing agreements entered into by companies of the Group.

E.6 **Amount and percentage of immediate dilution resulting from the offering**

According to its unaudited condensed consolidated financial statements as of and for the three-month period ended March 31, 2019, the net book value of the Issuer as of March 31, 2019 corresponds to €15.9 million (total assets of €107.8 million less long-term provisions and non-current liabilities of €4.2 million and short-term provisions and current liabilities of €87.6 million). The net book value per share (equity per share), which corresponds to the net book value divided by the number of outstanding Shares immediately prior to the Offering, would amount to €2.14 per Issuer's share based on 7,450,000 outstanding Shares immediately prior to the Offering.

The immediate dilutive effect of the Offering is illustrated in the table below demonstrating the amount by which the Offer Price at the low end, mid-point and high end of the Price Range exceeds the net book value per share attributable to shareholders after completion of the Offering and the IPO Capital Increase assuming the below described steps of the Offering had taken place on March 31, 2019. In this respect, the net book value attributable to shareholders as of March 31, 2019 is adjusted for the effects of the issuance of New Shares in connection with the Offering, assuming (i) the execution of the IPO Capital Increase for 3,586,207 New Shares at the low end, the mid-point and the high end of the Price Range and (ii) an increase in the net book value attributable to shareholders at the low end of the Price Range by €48.4 million, at the mid-point of the Price Range by €50.9 million and at the high end of the Price Range by €53.5 million. The assumed increase is based on the expected net proceeds not considering any tax effects. The adjusted net book value attributable to shareholders is expressed as a per share figure, assuming 11,036,207 outstanding Shares upon completion of the Offering (this per share figure being referred to as the "Post-IPO Equity attributable to Shareholders per Share").

	As of March 31, 2019		
	Low End	**Mid-Point**	**High-End**
	(in € mio., unless specified otherwise)		
	(unaudited and unreviewed)		
Pre-IPO Equity (net book value) per Share [1]	2.14	2.14	2.14

Offer Price per Offer Share (in €)	14.50	15.25	16.00
Gross proceeds attributable to the Company from the issuance of New Shares	52.0	54.7	57.4
Estimated total costs of the Offering to be borne by the Company [2]	3.6	3.8	3.9
Total net proceeds attributable to the Company from the issuance of New Shares	48.4	50.9	53.5
Post-IPO Equity (net book value) per Share	5.83	6.06	6.29
Amount by which the Offer Price exceeds the Post-IPO Equity per Share (immediate dilution of new shareholders of the Company) (in €)	8.67	9.19	9.71
Percentage by which the Offer Price exceeds the Post-IPO Equity per Share (in %)	149	152	154
Amount by which the Post-IPO Equity per Share exceeds the net book value per Share immediately prior to the Offering (immediate accretion to the existing shareholders of the Company)	3.69	3.92	4.15
Percentage by which the Post-IPO Equity per Share exceeds the net book value per Share immediately prior to the Offering (in %)	172	183	194

[1] Based on 7,450,000 outstanding Shares immediately prior to the Offering and a net book value of the Group in an amount of €15.9 million as of March 31, 2019. Shown as total equity in the Issuer's unaudited consolidated condensed interim financial statements as of and for the three-month period ended March 31, 2019.

[2] Including underwriting and placement commissions payable to the Underwriter and assuming payment of the discretionary fee in full.

E.7 **Estimated expenses charged to the investor** Not applicable. (Investors will not be charged expenses by the Issuer, the Selling Shareholders or the Underwriter in that capacity.)

ÜBERSETZUNG DER ENGLISCHEN ZUSAMMENFASSUNG DES PROSPEKTS

*Zusammenfassungen bestehen aus geforderten Angaben, die als Elemente („**Elemente**") bezeichnet sind. Diese Elemente sind in den Abschnitten A – E (A.1 – E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Elemente, die für die vorliegende Art von Wertpapier und Emittent in eine Zusammenfassung aufzunehmen sind. Da einige Elemente nicht behandelt werden müssen, können in der Nummerierung Lücken auftreten. Selbst wenn ein Element wegen der Art des Wertpapiers und des Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf dieses Element keine relevanten Informationen gegeben werden können. In solchen Fällen enthält die Zusammenfassung eine kurze Beschreibung des Elements mit dem Hinweis „Entfällt".*

Die in diesem Prospekt enthaltene englische Fassung der Zusammenfassung ist maßgebend und die einzig rechtsverbindliche Fassung. Die dänische und deutsche Übersetzung der Zusammenfassung dient lediglich der Übersichtlichkeit und zu Informationszwecken.

A – Einleitung und Warnhinweise

A.1	**Warnhinweise**	Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden. Der Anleger sollte jede Entscheidung zu einer Anlage in die Wertpapiere auf die Prüfung dieses gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht Ansprüche auf Grund in diesem Prospekt enthaltener Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften der Mitgliedstaaten des Europäischen Wirtschaftsraums (der „**EWR**") die Kosten für die Übersetzung dieses Prospekts vor Prozessbeginn zu tragen haben. Die Personen, die die Zusammenfassung einschließlich etwaiger Übersetzungen davon erstellt haben, können haftbar gemacht werden, jedoch nur für den Fall, dass diese Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, oder sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht alle erforderlichen Schlüsselinformationen vermittelt.
A.2	**Einwilligung zu späterer Verwendung des Prospekts**	Entfällt. (Eine Zustimmung von ABACUS MEDICINE A/S, Kopenhagen, Dänemark (die „**Gesellschaft**" oder die „**Emittentin**" und gemeinsam mit ihren zum jeweiligen Zeitpunkt voll konsolidierten Tochtergesellschaften, der „**Konzern**" oder „**Abacus Medicine**") zur Verwendung dieses Prospekts für eine spätere Weiterveräußerung oder endgültige Platzierung der Aktien der Gesellschaft (die „**Aktien**") durch Finanzintermediäre wurde nicht erteilt.)

B – Emittentin

B.1	**Juristische und kommerzielle Bezeichnung**	Die juristische Bezeichnung der Emittentin lautet „ABACUS MEDICINE A/S". Die Emittentin betreibt ihre Geschäfte unter der kommerziellen Bezeichnung „Abacus Medicine".
B.2	**Sitz und Rechtsform der Emittentin, anwendbares Recht, Land der Gründung**	Die Emittentin hat ihren satzungsmäßigen Sitz in der Gemeinde Kopenhagen, Vesterbrogade 149, 1620 Kopenhagen V, Dänemark, und ist bei der Dänischen Wirtschaftsbehörde (*Danish Business Authority*) unter CVR Nr. DK 28 11 15 76 registriert. Die Emittentin ist eine

		Aktiengesellschaft (in Dänisch: *aktieselskab*), die in Dänemark gegründet wurde und dänischem Recht unterliegt.
B.3	**Derzeitige Geschäfts- und Haupttätigkeit sowie Hauptmärkte, auf denen die Emittentin vertreten ist**	Abacus Medicine wurde 2004 gegründet und ist gemessen am Umsatz, der in den Geschäftsjahren zum 31. Dezember 2016 bis 2018 erzielt wurde, nach eigener Einschätzung das am schnellsten wachsende Unternehmen im europäischen Parallelhandelmarkt für verschreibungspflichtige Originalpharmazeutika. Das Unternehmen erzielte in den Jahren 2018, 2017 und 2016 einen Umsatz von € 332,3 Mio., € 253,1 Mio. bzw. € 177,9 Mio. bei einer gleichzeitigen durchschnittlichen jährlichen Wachstumsrate (die „**durchschnittliche jährliche Wachstumsrate**") in Höhe von 36,7 %. Abacus Medicine profitiert insbesondere vom Wachstum des Markts für Parallelhandel (wie unten definiert), der 2017 ein Umsatzvolumen von € 5,4 Mrd. umfasste und bis zum Jahr 2022 auf € 6,2 Mrd. wachsen soll (*Quelle: QVARTZ; EFPIA; IQVIA MIDAS Quantum December 2017*). Das hohe Wachstum wurde vorrangig organisch erreicht, wobei der strategische Fokus auf der Entwicklung des Produktportfolios, der Produktsegmentierung und dem Multi-Market-Vertrieb lag, bei einer zugleich hohen operativen Effizienz entlang der gesamten Wertschöpfungskette auf Basis fortschrittlicher und eigener IT-Systeme und Business-Analyse-Tools. Abacus Medicine hat eine leistungsstarke Plattform zur Förderung des zukünftigen Wachstums entwickelt. Diese basiert auf einem breit diversifizierten Produktportfolio mit 3.618 Lizenzen („**Zulassungen**") zum 31. März 2019 (2018: 3.186 Lizenzen; 2017: 2.515 Lizenzen; 2016: 1.709 Lizenzen), die für den Handel im Parallelimportmarkt unerlässlich sind, einer einzigartigen Multi-Market-Strategie mit Direktvertrieb in 12 Ländern, hohen Beschaffungskapazitäten und einem hochgradig diversifizierten europäischen Lieferantennetzwerk. Abacus Medicine ist im Parallelimport und im Parallelvertrieb von Arzneimitteln mit hochflexiblen Multi-Market-Vertriebskanälen tätig und konzentriert sich insbesondere auf das wachsende mittel- bis hochpreisige Segment (€ 500 bis € 3.000 pro Packung) und das hochpreisige Segment (€ 3.000 pro Packung) für Arzneimittel, die vorwiegend zur Behandlung von Krebs, multipler Sklerose, rheumatoider Arthritis, Hepatitis C, HIV, Diabetes, Krankheiten des Nervensystems, von Infektionskrankheiten, Krankheiten des Blut- und Herz-Kreislauf-Systems sowie von Alzheimer eingesetzt werden. „**Parallelimport**" bezeichnet den Kauf von Arzneimitteln, die von der jeweils zuständigen Behörde in einem Mitgliedstaat („**Mitgliedstaat**") des EWR lokal zugelassen sind, und den Verkauf solcher Arzneimittel in einem anderen Mitgliedstaat durch ein Unternehmen, das von dem ursprünglichen Zulassungsinhaber unabhängig ist und parallel dazu handelt. Im Gegensatz dazu beschreibt „**Parallelvertrieb**" den Kauf von Arzneimitteln, die zentral von der Europäischen Arzneimittelagentur („**EMA**") zugelassen sind, und deren Verkauf parallel zum ursprünglichen Zulassungsinhaber erfolgt. Parallelimport und Parallelvertrieb werden häufig und auch in diesem Prospekt als „**Parallelhandel**" bezeichnet. Da der Originalhersteller entscheidet, ob er eine Zulassung in einem der Mitgliedsstaaten oder bei der EMA beantragt, hängt von der Entscheidung des Originalherstellers ab, ob der Parallelhandel mit dem jeweiligen Arzneimittel als Parallelimport oder Parallelvertrieb kategorisiert wird. Um Parallelimport oder Parallelvertrieb eines Arzneimittels zu betreiben, muss ein Parallelhandelsunternehmen eine Lizenz für jedes Produkt beantragen. Diese Lizenz beinhaltet Informationen über Umverpackungshandlungen und Anforderungen an die Übersetzung der Sprache auf der Verpackung für den Verkauf aus einem Mitgliedsstaat in einen anderen Mitgliedsstaat.

Abacus Medicine hat ihren Sitz in Kopenhagen, Dänemark und besteht aus 21 Gesellschaften in 16 Ländern. Abacus Medicine unterhält Lager und Umverpackungsanlagen in Ungarn und den Niederlanden während andere Einrichtungen wie das Waren- und Konsignationslager in Deutschland an externe Logistikdienstleister ausgelagert sind und von diesen betrieben werden.

Die folgende Tabelle enthält zusätzliche Informationen über die geografische Verteilung der Umsatzerlöse des Konzerns für die angegebenen Zeiträume:

	1. Januar – 31. März		1. Januar – 31. Dezember		
	2019	**2018**	**2018**	**2017**	**2016**
	(€ Mio.)		(€ Mio.)		
	(prüferisch durchgesehen)		(geprüft)		
Dänemark	12,2	5,7	37,6	34,8	17,3
Schweden	9,9	7,9	39,3	39,9	40,1
Deutschland	45,3	45,9	189,6	149,9	102,9
Niederlande	12,2	8,3	39,8	14,7	8,3
Andere Länder	10,9	4,1	26,1	13,7	9,3
Gesamt	**90,4**	**71,8**	**332,3**	**253,1**	**177,9**

Abacus Medicine prüft fortlaufend weitere Marktchancen und neue Geschäftsideen, insbesondere solche, die über den bestehenden Produktbereich, das Lieferantennetzwerk und die Kundenbasis genutzt werden können. Bereits in 2018 hat das Unternehmen seine Investitionen in drei ergänzende Geschäftsbereiche mit Bezug zum Parallelhandel gesteigert, unter anderem (1) Märkte für den Handel von Arzneimitteln, die in dem jeweiligen Land noch nicht lizenziert sind oder kaum verfügbar sind sind („**Unlizenzierte Arzneimittel**" oder „**ULM**") oder (2) die sich noch in der klinischen Entwicklung befinden und zu denen Patienten der Zugang auf Nachfrage hin durch den behandelnden Arzt gewährt werden kann („**Managed Access Programs**" oder „**MAP**"), sowie (3) um Zugang zum globalen Markt für die Belieferung von Pharmazie- und Biotechnologieunternehmen mit Vergleichspräparaten für klinische Studien („**Clinical Trials Services**") zu erhalten. Diese hochgradig synergetischen neuen Märkte werden gegenwärtig von den 100 %igen Tochtergesellschaften der zum Unternehmen gehörenden Aposave ApS, die hauptsächlich in Dänemark, den Niederlanden, dem Vereinigten Königreich, Hong Kong/China, den Vereinigten Staaten, Mexiko und Brasilien tätig sind („**Aposave**"), bedient. In dem zum 31. März 2019 endenden Dreimonatszeitraum erzielte Aposave einen Umsatz von € 1,8 Mio. In den zum 31. Dezember 2016, 2017 und 2018 endenden Geschäftsjahren wurden Umsätze in Höhe von jeweils € 0,5 Mio., € 0,8 Mio. bzw. € 3,7 Mio. erzielt, was einer durchschnittlichen jährlichen Wachstumsrate in Höhe von 164,2 % zwischen 2016 und 2018 entspricht und einen ersten Nachweis der Machbarkeit darstellt.

B.4a **Wichtigste jüngste Trends, die sich auf die Emittentin und die Branche, in der sie tätig ist, auswirken**

Der Pharmamarkt und insbesondere der Parallelhandelmarkt sind derzeit von einer Reihe maßgeblicher Entwicklungstendenzen beeinflusst:

Anstieg des Verbrauchs verschreibungspflichtiger Arzneimittel aufgrund der demografischen Entwicklung

In den meisten europäischen Ländern wird die Bevölkerung zunehmend älter. 2017 war fast ein Fünftel (19,4 %) der Bevölkerung in der Europäischen Union („**EU**") 65 Jahre oder älter. Der Anteil der Personen,

die 80 Jahre oder älter sind, wird sich Prognosen zufolge zwischen 2017 und 2080 mehr als verdoppeln – von 5,5 % auf 12,7 % der EU-Bevölkerung (*Quelle: Eurostat*). Parallelhandel dient als eine Methode, um die Gesundheitsausgaben zu reduzieren. Einer der Hauptgründe für den Parallelhandel innerhalb der EU war, dass die Regierungen bei der Einführung des Parallelhandels insgesamt einen Rückgang ihrer Arzneimittelausgaben erlebten. Die EU-Regierungen meldeten zwischen 2009 und 2011 insgesamt Einsparungen in Höhe von € 0,5 Mrd. für Gesundheitskosten, darunter direkte Einsparungen von € 16,7 Mio. in Schweden im Jahr 2009, € 53,0 Mio. in Dänemark, € 294,1 Mio. in Deutschland im Jahr 2012, € 12,8 Mio. in den Niederlanden im Jahr 2010 und € 85,0 Mio. im Vereinigten Königreich im Jahr 2011 (*Quelle: EAEPC 2013*). Diese demografische Veränderung und die staatlichen Bemühungen um Kosteneinsparungen haben die Ausgaben für Gesundheitsversorgung und pharmazeutische Produkte erhöht, die sich in der Vergangenheit stark auf das Geschäft des Konzerns ausgewirkt haben und voraussichtlich weiterhin erhebliche Auswirkungen auf Umsatz und betriebliches Ergebnis des Unternehmens haben werden.

Chronifizierung von Krankheiten, unter anderem aufgrund von demografischen Trends

Aufgrund von demografischen Veränderungen und Änderungen des Lebensstils haben chronische Krankheiten im Lauf der Zeit zugenommen, gleichzeitig sind durch die Fortschritte in der Medizin die Überlebenschancen von Patienten mit chronischen Krankheiten gestiegen. Infolgedessen gibt es mehr Patienten mit chronischen Krankheiten, die lebenslang behandelt werden. Diese Patienten nehmen also im Laufe ihres Lebens eine größere Menge an Ressourcen und Behandlungen in Anspruch, ein Phänomen was in medizinischen Fachkreisen als „Chronifizierung von Krankheiten“ bezeichnet wird. In Reaktion auf diese Chronifizierung von Krankheiten richtet sich das Augenmerk stärker auf die Entwicklung von langfristigen Programmen zum Management der Gesundheit von Patienten und von klinischen Dienstleistungen durch Marktteilnehmer wie zum Beispiel Versicherungsgesellschaften und klinische Dienstleister und führt zu steigenden Ausgaben für Gesundheits- und Pharmaprodukte (*Quelle: The American Journal of Managed Care, 2017*).

Verlagerung des Konsums hin zu hochpreisigen pharmazeutischen Produkten

Laut BARMER, einer deutschen gesetzlichen Krankenversicherung, stiegen die Ausgaben für pharmazeutische Produkte von 2016 bis 2017 um 4,0 %, während 85,0 % des Anstiegs auf gestiegene Preise für pharmazeutische Produkte zurückzuführen waren (*Quelle: BARMER 2018*). Von 2012 bis 2017 blieb das Niedrigpreissegment (bis zu € 50 pro Packung) bei einer durchschnittlichen jährlichen Wachstumsrate von 0,0 %, während das Mittelpreissegment (€ 50–€ 500 pro Packung), das Mittel- bis Hochpreissegment (€ 500–€ 3.000 pro Packung) und das Hochpreissegment (über € 3.000 pro Packung) bei einer durchschnittlichen jährlichen Wachstumsrate von 4,1 %, 12,7 % und 30,0 % wuchsen (*Quelle: QVARTZ; EFPIA; Evaluate Pharma*). Der europäische Parallelhandelmarkt wird bei einer durchschnittlichen jährlichen Wachstumsrate (2017–2022) von ca. 3 % wachsen (*Quelle: EFPIA; QVARTZ; Evaluate Pharma, September 2016*). Das Hochpreissegment (über € 3.000 pro Packung) und das Mittel- bis Hochpreissegment (€ 500–€ 3.000 pro Packung) werden voraussichtlich mit einer durchschnittlichen jährlichen Wachstumsrate von 17 % und 6 % wachsen, während das Mittelpreissegment (€ 50–€ 500 pro Packung) voraussichtlich bei einer durchschnittlichen jährlichen Wachstumsrate von 0,0 % verbleiben wird und das Niedrigpreissegment (bis zu € 50 pro

Packung) voraussichtlich um 5 % schrumpfen wird. Die Änderung des Konsumverhaltens hatte in der Vergangenheit auch einen Einfluss auf die Umsatzerlöse der Gesellschaft und stärkte die Position von Abacus Medicine als eine der drei führenden Parallelhandelsunternehmen im EWR/in der EU im Jahr 2018, gemessen an dem Anteil der Umsatzerlöse der Gesellschaft im Hochpreissegment (über € 3.000 pro Packung) von 39,0 % und im Mittel- bis Hochpreissegment (€ 500–€ 3.000 pro Packung) von 26,0 % (gemessen am Anteil der Umsatzerlöse des Unternehmens verglichen mit Umsatzerlösen von Wettbewerben im jeweiligen Preissegment) (*Quelle: IQVIA MIDAS Quantum, Dezember 2018*). Die allgemeine Zusammensetzung des Produktportfolios von Abacus Medicine spiegelt die Strategie wieder, sich auf das Mittel- bis Hochpreissegment (€ 500–€ 3.000 pro Packung) und das Hochpreissegment (über € 3.000 pro Packung) zu fokussieren. Im Jahr 2018 entfielen auf das Mittel- bis Hochpreissegment und das Hochpreissegment 65,1 % des Produktportfolios von Abacus Medicine. Abacus Medicine strebt im Allgemeinen an, eine stabile Gewinnmarge in ihrem Parallelhandelsgeschäft zu erzielen und ihre Bemühungen haben zu einer bereinigten EBITDA Marge von 4,1 %, 3,9 % und 3,7 % in den zum 31. Dezember endenden Geschäftsjahren 2018, 2017 und 2016 und einer Bereinigten EBITDA III Marge (exclusive außerordentliche Posten und DayDose-Aktivitäten (wie in Element B.7 definiert)) von ca. 4,6 %, 4,4 % und 4,5 % jeweils in dem zum 31. Dezember endenden Geschäftsjahren 2018, 2017 und 2016, geführt. Dies verdeutlicht die andauernden Anstrengungen des Unternehmens, hohes, organisches Wachstum zu fördern und gleichzeitig profitabel in der Parallelhandelsbranche zu agieren. Abacus Medicine ist davon überzeugt, dass die Nachfrage nach hochpreisigen pharmazeutischen Produkten weiter steigen wird und durch die Gesetzgebung Unterstützung zur Senkung der Gesundheitskosten, die den Parallelhandel vorantreiben könnten, erfährt.

Europäische Regulierung von Parallelhandelsunternehmen

Die Gesellschaft ist als Parallelhandelsunternehmen verpflichtet, alle geltenden Gesetze für den Umgang und den Transport von pharmazeutischen Produkten einzuhalten. Die Einhaltung dieser Anforderungen wird von den nationalen und europäischen Aufsichtsbehörden, wie beispielsweise die EMA, überwacht. Das gesetzliche Regelwerk der EU für den Parallelhandel ist bei zahlreichen Gelegenheiten in den letzten Jahrzehnten weiterentwickelt und verändert worden, wodurch es für die Gesellschaft erforderlich war, ihre Praktiken entsprechend anzupassen. Solche regulatorischen Veränderungen bringen wiederum neben den Kosten für die Beschaffung der jeweiligen Genehmigungen auch Auswirkungen auf die Investitionen und Gesamtkosten des Unternehmens mit sich. So wurde zum Beispiel kürzlich eine Änderung des Regulierungsrahmens zu gefälschten Arzneimitteln eingeführt. Gefälschte Arzneimittel durchlaufen nicht die üblichen Bewertungsverfahren für Qualität, Sicherheit und Effizienz, die nach dem EU-Genehmigungsverfahren vorgeschrieben sind. Nach Aussage der EMA kommen immer mehr gefälschte Arzneimittel in Umlauf, da eine wachsende Anzahl von teuren Arzneimitteln, wie Krebsbehandlungsmedikamente, und stark nachgefragte Arzneimittel, wie Antiviren-Medikamente, in zunehmendem Maße gefälscht werden. Um dieser Entwicklung entgegenzuwirken, ist die Richtlinie gegen gefälschte Arzneimittel 2011/62/EU („**Fälschungsrichtlinie**") verabschiedet worden und am 9. Februar 2019 in Kraft getreten. Die Fälschungsrichtlinie zielt darauf ab, das Eindringen gefälschter oder nicht-genehmigter verschreibungspflichtiger Medikamente in die legale Lieferkette durch die Einführung integrierter Datenbanken auf EU-Ebene und auf nationaler Ebene, die die Nachverfolgung pharmazeutischer Produkte in der gesamten Lieferkette durch die Verwendung von Barcodes

(Seriennummern), die jeweils einer Einheit und einem sicherheitsverpackten Gerät zugeordnet sind, einzudämmen. Um die Bestimmungen der Fälschungsrichtlinie einhalten zu können, hat Abacus Medicine in IT-Software und Hardware sowie Serialisierungsausrüstung, die für die Einhaltung der Fälschungsrichtlinie erforderlich sind, investiert und wird auch künftig in sie investieren. Im Oktober 2018 wurde Abacus Medicine erfolgreich an das European Medicines Verification System (EMVS) angeschlossen, einer von der European Medicines Verification Organisation (EMVO) betriebenen Datenbank, die Ende-zu-Ende Verifizierung der Herkunft jeder Packung an jedem Schritt entlang der Beschaffungs- und Verteilungskette von verschreibungspflichtigen Arzneimitteln ermöglicht. Abacus Medicine ist der Auffassung, dass die Einführung der Fälschungsrichtlinie ein gewisses Maß an Konsolidierung auf dem Parallelhandelmarkt mit sich bringen wird, da kleinere Wettbewerber die Einhaltung der Vorschriften zur Fälschungsrichtlinie als kostenintensiv empfinden und neue Wettbewerber die Markteintrittsbarrieren möglicherweise höher einschätzen.

Fokus von Regierungen auf Reduzierung der Ausgaben im öffentlichen Gesundheitswesen

Wie in anderen Bereichen der Gesundheitsversorgung werden die Kosten für pharmazeutische Produkte größtenteils durch die Sozialversicherungssysteme oder gesetzlichen Krankenkassen gedeckt. Am großzügigsten ist die Finanzierung in Dänemark, Schweden und im Vereinigten Königreich, wo 80 % sowie in Deutschland, Frankreich und der Slowakei wo 75 % aller Kosten für Arzneimittel von den Sozialversicherungssystemen und gesetzlichen Krankenkassen gezahlt werden (*Quelle: OECD 2017*). Als Reaktion auf den wachsenden Druck auf die öffentlichen Haushalte haben viele Regierungen die Reduzierung der Ausgaben für Arzneimittel zur Priorität erklärt, um die öffentlichen Ausgaben senken zu können. Dieser Trend stärkt schon jetzt und wahrscheinlich auch in Zukunft den Markt für den Parallelhandel und führt schon jetzt und wird wahrscheinlich auch in Zukunft zu einem Zuwachs der betrieblichen Ergebnisse, Finanzerträge und Cashflows des Unternehmens führen.

B.5 **Beschreibung des Konzerns und der Stellung der Emittentin innerhalb dieses Konzerns**

Die Emittentin ist die Obergesellschaft des Konzerns. Die Geschäftstätigkeit des Konzerns wird teilweise durch die Emittentin und teilweise durch ihre Tochtergesellschaften betrieben.

Die nachfolgende Tabelle zeigt die wesentlichen Tochtergesellschaften der Gruppe, deren Anteile zum Zeitpunkt dieses Prospekts alle direkt von der Emittentin gehalten werden:

Firma	Sitz (Land)	Stimmrechte [1]
		(in %)
Abacus Medicine Hungary Kft.	Budapest (Ungarn)	100,00
Abacus Medicine Berlin GmbH	Velten (Deutschland)	100,00
Aposave ApS	Kopenhagen (Dänemark)	100,00

[1] Identisch mit der Beteiligung am Gesellschaftskapital der jeweiligen Gesellschaft.

B.6 **Personen, die eine (meldepflichtige) direkte oder indirekte Beteiligung am Eigenkapital der Emittentin und den Stimmrechten halten**

Die in der nachfolgenden Tabelle aufgeführten Aktionäre halten direkt und/oder indirekt eine Beteiligung von 5 % oder mehr an den Stimmrechten der Gesellschaft (die „**Wesentlichen Aktionäre**", und zusammen mit den anderen Aktionären der Gesellschaft die „**Bestehenden Aktionäre**") oder halten direkt oder indirekt andere Finanzinstrumente, deren Bedingungen ihrem Eigentümer oder einem Dritten ermöglichen, bestehende Aktien der Gesellschaft mit Stimmrechten zu erwerben. Die dargestellten Angaben wurden auf

Grundlage des besten Wissens der Emittentin gemacht.

Investor	Anteil
	(in %)
Wagner Family Holding ApS [1]	91,63
Sonstige Bestehende Aktionäre [2]	8,37
Total	**100,00**

[1] Wagner Family Holding ApS steht im indirekten Mehrheitseigentum von und wird letztlich kontrolliert durch Flemming Wagner, Mitglied des *Board of Directors* (Chief Executive Officer) der Gesellschaft.

[2] Einschließlich der Veräußernden Aktionäre (wie nachstehend definiert), von denen keiner (im Fall von Lars Jenster und Visicata ApS, die in seinem alleinigen Eigentum und unter seiner Kontrolle steht, auf kombinierter Basis) einen Anteil von 5 % oder mehr der Stimmrechte an der Gesellschaft hält.

Unterschiedliche Stimmrechte der Großaktionäre der Emittentin

Entfällt. (Jede Aktie der Emittentin berechtigt zu einer Stimme in der Hauptversammlung der Emittentin.)

Unmittelbare oder mittelbare Beherrschung der Emittentin und Art der Beherrschung

Wagner Family Holding ApS kontrolliert derzeit 91,63 % der Stimmrechte an der Emittentin (der „**Wesentliche Aktionär**"). Daher gelten die Wagner Family Holding ApS und letztlich ihr indirekt beherrschender Gesellschafter Flemming Wagner, gemäß dem Dänischen Kapitalmarktgesetz Nr. 12 vom 8. Januar 2018 (*Consolidated Act no. 12 of January 8, 2018 on Capital Markets*), in der derzeit gültigen Fassung, und der Dänischen Rechtsverordnung Nr. 1171 vom 31. Oktober 2017 zu Übernahmeangeboten als kontrollierende Gesellschafter der Emittentin.

B.7 Ausgewählte wesentliche historische Finanzinformationen

Die in den nachfolgenden Tabellen enthaltenen Finanzinformationen wurden dem ungeprüften verkürzten Konzernzwischenabschluss der Emittentin für den zum 31. März 2019 endenden Dreimonatszeitraum einschließlich Vergleichszahlen für den zum 31. März 2018 endenden Dreimonatszeitraum, dem geprüften Konzernabschluss der Emittentin für das zum 31. Dezember 2018 endende Geschäftsjahr einschließlich Vergleichszahlen für das zum 31. Dezember endende Geschäftsjahr 2017, dem geprüften Konzernabschluss der Emittentin für das zum 31. Dezember 2017 endende Geschäftsjahr einschließlich Vergleichszahlen für die zum 31. Dezember 2016 und zum 31. Dezember 2015 endenden Geschäftsjahre sowie dem internen Berichtswesen der Emittentin entnommen oder aus diesen abgeleitet. Finanzinformationen für das zum 31. Dezember endende Geschäftsjahr 2017 sind den im geprüften Konzernabschluss für das zum 31. Dezember endende Geschäftsjahr 2018 enthaltenen Vergleichszahlen entnommen, wenn im Vergleich zum Konzernabschluss für das zum 31. Dezember endende Geschäftsjahr 2017 solche Vergleichszahlen im geprüften Konzernabschluss für das zum 31. Dezember endende Geschäftsjahr 2018 (i) angepasst oder (ii) zusätzlich aufgenommen wurden.

Der geprüfte Konzernabschluss wurde in Übereinstimmung mit den International Financial Reporting Standards, wie sie in der Europäischen Union anzuwenden sind („**IFRS**"), und den ergänzenden Anforderungen des dänischen Financial Statements Act erstellt. Der ungeprüfte verkürzte Konzernzwischenabschluss wurde in Übereinstimmung mit dem International Accounting Standard 34 zu „Zwischenberichterstattung" (IAS 34), wie sie in der Europäischen Union anzuwenden sind, erstellt.

Der Konzernabschluss für das zum 31. Dezember 2018 endende Geschäftsjahr einschließlich Vergleichszahlen für das zum 31. Dezember endende Geschäftsjahr 2017 und der Konzernabschluss für das zum 31. Dezember 2017 endende Geschäftsjahr einschließlich der

Vergleichszahlen für die zum 31. Dezember 2016 und zum 31. Dezember 2015 endenden Geschäftsjahre wurden durch Ernst & Young Godkendt Revisionspartnerselskab, Osvald Helmuths Vej 4, Postboks 250, 2000 Frederiksberg, Denmark („**Ernst & Young**"), als unabhängigem Abschlussprüfer der Emittentin geprüft. Ernst & Young hat in Bezug auf diese Konzernabschlüsse jeweils einen uneingeschränkten Bestätigungsvermerk erstellt. Der ungeprüfte verkürzte Konzernzwischenabschluss wurde von Ernst & Young prüferisch durchgesehen aber nicht geprüft. Ernst & Young hat bezüglich dieser prüferischen Durchsicht des Konzernzwischenabschlusses eine uneingeschränkte Bescheinigung über die prüferische Durchsicht erteilt.

Der vorhergenannte geprüfte Konzernabschluss der Emittentin und der vorgenannte verkürzte Konzernzwischenabschluss sowie der Bestätigungsvermerk bzw. die Bescheinigung über die prüferische Durchsicht des unabhängigen Abschlussprüfers sind ebenfalls in diesem Prospekt enthalten.

Die Kennzeichnung von Finanzinformationen in den folgenden Tabellen mit „**geprüft**" bedeutet, dass diese dem entsprechenden oben angeführten geprüften Abschluss entnommen wurden. Die Kennzeichnung von Finanzinformationen in den folgenden Tabellen mit „**prüferisch durchgesehen**" bedeutet, dass diese dem entsprechenden ungeprüften verkürzten Konzernzwischenabschluss entnommen wurden. Mit der Kennzeichnung „**ungeprüft und nicht prüferisch durchgesehen**" werden in den folgenden Tabellen Finanzinformationen bezeichnet, die weder den oben angeführten geprüften Abschlüssen noch dem oben angeführten ungeprüften verkürzten Konzernzwischenabschluss entnommen wurden, sondern dem internen Berichtswesen der Emittentin entnommen wurden oder auf Grundlage von Zahlen aus den vorhergenannten Quellen berechnet wurden.

Die nachfolgenden Tabellen enthalten zudem Nicht-IFRS Finanzkennzahlen, wie bereinigtes EBITDA und bereinigte EBITDA Marge, welche weder nach IFRS erforderlich sind noch nach IFRS berechnet wurden. Alle solche Kennzahlen sind bei ihrer erstmaligen Verwendung in den Tabellen unten einzeln definiert. Die Gesellschaft zeigt diese Nicht-IFRS Finanzkennzahlen, da das Management diese für die Überwachung der Geschäftstätigkeit des Konzerns verwendet und das Management der Auffassung ist, dass die Darstellung dieser nicht nach IFRS ermittelten Finanzkennzahlen das Verständnis der zugrundeliegenden betrieblichen Leistung der Gruppe erleichtert.

Die von der Gesellschaft verwendeten Nicht-IFRS Finanzkennzahlen, einschließlich unter anderem bereinigtem EBITDA und bereinigter EBITDA Marge sind alternative Leistungskennzahlen, wie in den von der Europäischen Wertpapieraufsichtsbehörde (*European Securities and Markets Authority*; ESMA) herausgegebenen Leitlinien zu alternativen Finanzkennzahlen vom 5. Oktober 2015, definiert. Die Definitionen der Nicht-IFRS Finanzkennzahlen sind möglicherweise nicht vergleichbar mit ähnlich bezeichneten Kennzahlen anderer Unternehmen und haben Einschränkungen als analytische Instrumente und sollten nicht isoliert oder als Ersatz für die Analyse der nach IFRS abgeleiteten Ergebnisse des Konzerns betrachtet werden.

Die im nachfolgendem Text und untenstehenden Tabellen aufgeführten Finanzinformationen werden, soweit nicht anders angegeben, in Mio. Euro (€ Mio.) dargestellt und auf eine Dezimalstelle hinter dem Komma kaufmännisch gerundet. Veränderungen, einschließlich prozentualer Veränderungen, werden auf Grundlage der Zahlen, wie sie in diesem Prospekt dargestellt sind, berechnet und anschließend auf eine Nachkommastelle kaufmännisch gerundet. Aufgrund von Rundungseffekten kann die Addition von Zahlen in den Tabellen von den

angegebenen Summen in den Tabellen abweichen und die zusammengerechneten Prozentsätze ergeben möglicherweise nicht genau 100 %. Zudem können die gerundeten Summen und Zwischensummen in den Tabellen leicht von den nicht gerundeten Zahlen, die an anderer Stelle in diesem Prospekt ausgewiesen sind, abweichen

In Bezug auf den Ausweis von Finanzinformationen in diesem Prospekt bedeutet ein Bindestrich („–"), dass die jeweilige Zahl nicht anwendbar ist, wohingegen eine Null („0,0") bedeutet, dass die jeweilige Zahl zwar anwendbar ist, aber auf Null gerundet wurde oder gleich Null ist.

Konsolidierte Gewinn- und Verlustrechnung

	1. Januar – 31. März		1. Januar – 31. Dezember		
	2019	2018	2018	2017	2016
	(in € Mio., sofern nicht anders angegeben)		(in € Mio., sofern nicht anders angegeben)		
	(prüferisch durchgesehen)		(geprüft, sofern nicht anders angegeben)		
Umsatzerlöse [1]	90,4	71,8	332,3	253,1	177,9
Umsatzkosten [2]	-79,2	-63,4	-291,5	-223,7	-157,2
Rohertrag [3]	11,2	8,4	40,8	29,3	20,7
Sonstige Fremdkosten	-2,4	-1,7	-8,2	-6,7	-4,5
Personalkosten	-5,7	-4,3	-19,0	-12,9	-9,6
Betriebliches Ergebnis vor Abschreibungen und Sonderposten („**Bereinigtes EBITDA**") [4]	3,1	2,4	13,6	9,8	6,6
Sonderposten [5]	–	–	-1,1	-0,4	–
Betriebliches Ergebnis vor Abschreibungen („**EBITDA**") [6]	3,1	2,4	12,6	9,4	6,6
Abschreibungen	-1,2	-0,7	-2,7	-1,9	-1,5
Betriebliches Ergebnis (EBIT)	1,9	1,7	9,9	7,6	5,1
Finanzerträge	0,0	0,0	0,1	0,2	0,2
Finanzierungsaufwendungen	-0,5	-0,6	-2,6	-1,6	-0,8
Ergebnis vor Steuern	1,5	1,2	7,4	6,1	4,5
Steuern	-0,4	-0,3	-2,0	-1,8	-1,2
Periodenüberschuss	**1,1**	**0,8**	**5,4**	**4,3**	**3,3**

[1] Umsatzerlöse beinhaltet einen Umsatzbeitrag von € -0,1 Mio. für den zum 31. März endenden Dreimonatszeitraum 2018 sowie € -0,1 Mio, € 0,2 Mio. und € 0,4 Mio. für die zum 31. Dezember endenden Geschäftsjahre 2018, 2017 und 2016 jeweils bezogen auf exklusive Produktions-, Marketing- und Vertriebsaktivitäten, die von der Gesellschaft unter der Marke DayDose durchgeführt wurden, und im Zusammenhang mit dem Erwerb von geistigen Eigentumsrechten an DayDose durch das Unternehmen im zum 31. Dezember endenden Geschäftsjahr 2017 (die „**DayDose-Aktivitäten**") stehen. Am 1. September 2018 wurden die DayDose-Aktivitäten an eine neu gegründete Tochtergesellschaft der Wagner Family Holding ApS verkauft und übertragen.

[2] In den Umsatzkosten ist eine außerordentliche Abschreibung auf Vorräte in Bezug auf ein bestimmtes pharmazeutisches Produkt in Höhe von € 0,5 Mio. für das zum 31. Dezember endende Geschäftsjahr 2018 enthalten. Die Umsatzkosten der DayDose-Aktivitäten werden intern von der Gesellschaft mit 80 % des Umsatzes im Zusammenhang mit den DayDose-Aktivitäten berechnet wobei negative Erlöse im Zusammenhang mit den DayDose-Aktivitäten den positiven Umsatzkosten entsprechen.

[3] Der Rohertrag beinhaltet eine außerordentliche Abschreibung auf Vorräte in Bezug auf ein bestimmtes pharmazeutisches Produkt in Höhe von € 0,5 Mio. für das zum 31. Dezember 2018 endende Geschäftsjahr. Der Rohertrag beinhaltet zusätzlich einen Anteil im Zusammenhang mit den DayDose-Aktivitäten in Höhe von €-12 tausend für den Dreimonatszeitraum zum 31. März 2018 und € -14,0 tausend, € 44,0 tausend bzw. € 76,0 tausend für die zum 31. Dezember endenden Geschäftsjahre 2018, 2017 und 2016. Der Rohertrag wurde im geprüften Konzernabschluss für das zum 31. Dezember endende Geschäftsjahr 2017 einschließlich Vergleichzahlen zu den zum 31. Dezember endenden Geschäftsjahren 2016 und 2015 als „Produktertrag" bezeichnet.

[4] Das Bereinigte EBITDA beinhaltet Netto-Kosten (Personalkosten und sonstige externe Kosten) im Zusammenhang mit den DayDose-Aktivitäten in Höhe von ca. € 0,3 Mio., € 0,8 Mio., € 1,4 Mio. und € 1,3 Mio. in dem Dreimonatszeitraum zum 31. März 2018 bzw. in den zum 31. Dezember endenden Geschäftsjahren 2018, 2017 und 2016. Ferner beinhaltet das Bereinigte EBITDA eine außerordentliche Abschreibung auf Vorräte in Bezug auf ein bestimmtes pharmazeutisches Produkt in Höhe von € 0,5 Mio. für das zum 31. Dezember endende Geschäftsjahr 2018 sowie Abfindungen an ein früheres Mitglied der Geschäftsleitung und ausgeschiedene DayDose Angestellte

in Höhe von € 0,3 Mio. in dem zum 31. Dezember endenden Geschäftsjahr 2018 sowie einmalige Reorganisationskosten in Höhe von € 59 tausend (beinhaltet Rechtskosten im Zusammenhang mit der Unternehmensumstrukturierung hinsichtlich der DayDose-Aktivitäten sowie dem Erwerb von Aposave ApS und Originalis B.V.) für das zum 31. Dezember endende Geschäftsjahr 2017. Ungeprüft für das zum 31. Dezember endende Geschäftsjahr 2016.

[5] Sonderposten sind Kosten, die entstanden sind im Zusammenhang mit der Vorbereitung des Börsengangs (der „**Börsengang**"), der Umstellung des Konzernabschlusses von lokalen dänischen GAAP auf IFRS vor dem Börsengang sowie Kosten für externe Berater im Zusammenhang mit der Vorbereitung des Börsengangs.

[6] EBITDA beinhaltet Netto-Kosten (Personalkosten und sonstige externe Kosten) im Zusammenhang mit den DayDose-Aktivitäten in Höhe von ca. € 0,3 Mio., € 0,8 Mio., € 1,3 Mio. und € 1,2 Mio. in dem Dreimonatszeitraum zum 31. März 2018 bzw. in den zum 31. Dezember endenden Geschäftsjahren 2018, 2017 und 2016. Ferner beinhaltet das EBITDA eine außerordentliche Abschreibung auf Vorräte in Bezug auf ein bestimmtes pharmazeutisches Produkt in Höhe von € 0,5 Mio. für das zum 31. Dezember endende Geschäftsjahr 2018 sowie Abfindungen an ein früheres Mitglied der Geschäftsleitung und ausgeschiedene DayDose-Angestellte in Höhe von € 0,3 Mio. in dem zum 31. Dezember endenden Geschäftsjahr 2018 sowie einmalige Reorganisationskosten in Höhe von € 59 tausend (beinhaltet Rechtskosten im Zusammenhang mit der Unternehmensumstrukturierung hinsichtlich der DayDose-Aktivitäten sowie dem Erwerb von Aposave ApS und Originalis B.V.) im zum 31. Dezember endenden Geschäftsjahr 2017.

Sonstiges Konzernergebnis

	Für Dreimonatszeitraum endend zum 31. März		Für das Geschäftsjahr endend zum 31. Dezember		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € Mio.)		(in € Mio.)		
	(prüferisch durchgesehen)		(geprüft)		
Periodenüberschuss	**1,1**	**0,8**	**5,4**	**4,3**	**3,3**
Sonstiges Ergebnis					
Sonstiges Ergebnis, das in den Folgeperioden in die Gewinn- und Verlustrechnung umgegliedert wird:					
Cashflow-Hedges – effektiver Teil der Änderungen des beizulegenden Zeitwerts	0,6	0,0	-0,8	0,0	0,0
Wechselkursdifferenzen bei der Umrechnung von Auslandsaktivitäten	0,0	-0,1	-0,1	0,0	0,0
Ertragsteuerliche Auswirkungen	-0,1	0,0	0,2	0,0	0,0
Sonstiger Periodenüberschuss/(-fehlbetrag) nach Steuern	**0,4**	**0,0**	**-0,7**	**0,0**	**0,0**
Gesamter Periodenüberschuss	**1,5**	**0,8**	**4,7**	**4,3**	**3,3**

Konsolidierte Bilanz

	Zum 31. März		Zum 31. Dezember		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € Mio.)		(in € Mio.)		
	(prüferisch durchgesehen)		(geprüft)		
Immaterielle Vermögenswerte	14,7	10,1	13,9	10,2	4,8
Sachanlagen	3,4	2,2	3,0	1,5	0,6
Nutzungsrechtsgegenstände	3.1	–	–	–	–
Sonstige Forderungen	1,0	0,2	0,3	0,2	0,1
Latenter Steueranspruch	0,1	–	0,1	–	0,0
Summe der langfristigen Vermögenswerte	**22,2**	**12,5**	**17,3**	**11,9**	**5,5**
Vorräte	51,3	36,6	59,6	33,4	19,7
Forderungen aus Lieferungen und Leistungen und sonstige Forderungen	31,3	16,0	19,0	10,2	31,5
Zahlungsmittel [1]	2,9	2,8	1,3	1,0	1,4

	Zum 31. März		Zum 31. Dezember		
	2019	2018	2018	2017	2016
	(in € Mio.)		(in € Mio.)		
	(prüferisch durchgesehen)		(geprüft)		
Summe Umlaufvermögen	**85,5**	**55,3**	**80,0**	**44,6**	**52,7**
Summe Aktiva	**107,8**	**67,8**	**97,2**	**56,5**	**58,2**

[1] Im geprüften Konzernabschluss für das am 31. Dezember endende Geschäftsjahr 2017 wurden die liquiden Mittel als „Zahlungsmittel und Zahlungsmitteläquivalente“ bezeichnet, einschließlich der Vergleichszahlen für die zum 31. Dezember endenden Geschäftsjahre 2016 und 2015.

	Zum 31. März		Zum 31. Dezember		
	2019	2018	2018	2017	2016
	(in € Mio.)		(in € Mio.)		
	(prüferisch durchgesehen)		(geprüft)		
Grundkapital	0,4	0,4	0,4	0,4	0,4
Sonstige Rücklagen	-0,2	0,0	-0,7	0,0	0,0
Gewinnrücklagen	15,8	10,2	14,7	9,3	9,2
Summe Eigenkapital	**15,9**	**10,5**	**14,4**	**9,7**	**9,5**

	Zum 31. März		Zum 31. Dezember		
	2019	2018	2018	2017	2016
	(in € Mio.)		(in € Mio.)		
	(prüferisch durchgesehen)		(geprüft)		
Langfristige Verbindlichkeiten					
Latente Steuerverbindlichkeiten	2,2	1,3	1,9	1,1	0,7
Leasingverpflichtungen	2,0	–	–	–	–
Sonstige Verbindlichkeiten	–	6,3	–	1,0	0,1
Summe langfristiger Verbindlichkeiten	**4,2**	**7,6**	**1,9**	**2,1**	**0,7**
Kurzfristige Verbindlichkeiten					
Rückstellungen	2,4	1,9	2,2	0,5	0,3
Kredite	13,7	24,6	21,3	24,0	33,2
Leasingverpflichtungen	1,1	–	–	–	–
Verbindlichkeiten aus Lieferungen und Leistungen	18,9	12,2	11,4	11,2	7,0
Ertragsteuerverbindlichkeiten	1,0	1,3	0,9	1,3	1,8
Sonstige Verbindlichkeiten	50,5	9,7	45,2	7,8	5,7
Summe kurzfristiger Verbindlichkeiten	**87,6**	**49,7**	**80,9**	**44,8**	**47,9**
Summe Verbindlichkeiten	**91,8**	**57,3**	**82,8**	**46,8**	**48,7**
Summe Eigenkaptial und Verbindlichkeiten	**107,8**	**67,8**	**97,2**	**56,5**	**58,2**

Konsolidierte Kapitalflussrechnung

	Für Dreimonatszeitraum endend zum 31. März		Für das Geschäftsjahr endend zum 31. Dezember		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € Mio.)		(in € Mio.)		
	(prüferisch durchgesehen)		(geprüft)		
Netto-Cashflow aus betrieblicher Geschäftstätigkeit	**12,1**	**2,4**	**13,2**	**21,0**	**-0,3**
Netto-Cashflow aus Investitionstätigkeit	**-2,0**	**-1,2**	**-9,0**	**-5,0**	**-1,3**
Netto-Cashflow aus Finanzierungstätigkeit	**-8,6**	**24,6**	**20,2**	**-30,1**	**-0,9**
Cashflow für die Periode	**1,6**	**25,8**	**24,4**	**-14,1**	**-2,5**
Zahlungsmittel zum 1. Januar [1]	**1,3**	**-23,0**	**-23,0**	**-8,9**	**-6,4**
Zahlungsmittel zum 31. März /31. Dezember [2]	**2,9**	**2,8**	**1,3**	**-23,0**	**-8,9**

[1] Die liquiden Mittel zum 1. Januar wurden im geprüften Konzernabschluss für das zum 31. Dezember endende Geschäftsjahr 2017 mit den Vergleichszahlen zu den zum 31. Dezember endenden Geschäftsjahren 2016 und 2015 als „Zahlungsmittel und Zahlungsmitteläquivalente zum 1. Januar" bezeichnet.

[2] Die liquiden Mittel für das zum 31. Dezember endende Geschäftsjahr wurden im geprüften Konzernabschluss für das am 31. Dezember endende Geschäftsjahr 2017 mit den Vergleichszahlen zu den zum 31. Dezember endenden Geschäftsjahren 2016 und 2015 als „Zahlungsmittel und Zahlungsmitteläquivalente zum 31. Dezember" bezeichnet.

Zusätzliche wichtige Leistungsindikatoren und alternative Leistungskennzahlen (Nicht IFRS-Kennzahlen)

Die folgende Tabelle enthält zusätzliche, für die Bewertung des Geschäftserfolgs von Abacus Medicine zentrale Steuerungsgrößen, wie unter anderem bereinigtes EBITDA, EBITDA Marge und bereinigte EBITDA Marge für die angegebenen Zeiträume:

	Für Dreimonatszeitraum endend zum 31. März		Für das Geschäftsjahr endend zum 31. Dezember		
	2019	**2018**	**2018**	**2017**	**2016**
	(in %, sofern nicht anders angegeben)		(in %, sofern nicht anders angegeben)		
	(ungeprüft und nicht prüferisch durchgesehen, sofern nicht anders angegeben)		(ungeprüft und nicht prüferisch durchgesehen, sofern nicht anders angegeben)		
Bruttomarge [1]	12,4	11,7	12,3	11,6	11,6
Umsatzwachstum [2]	25,9	–	31,3,	42,3,	59,0
Bereinigtes EBITDA (in € Mio.) [3]	3,1	2,4	13,6	9,8	6,6,
Bereinigte EBITDA Marge [4]	3,4	3,3	4,1	3,7	3,7
Kapitalrendite („**ROIC**") [5]	2,2	1,9	11,2	11,4	8,1
Eigenkapitalquote [6]	14,8	15,5	14,8	17,1	16,3
Eigenkapitalrendite [7]	7,3	7,9	44,5	45,1	36,7
Ergebnis je Aktie (in €) [8]	0,1	0,1	0,7	0,6	0,5
Verwässertes Ergebnis je Aktie (in €) [9]	0,1	0,1	0,7	0,6	0,5

[1] Die Bruttomarge wird berechnet als Rohertrag dividiert durch die Umsatzerlöse.

[2] Das Umsatzwachstum spiegelt die prozentuale Veränderung zwischen den relevanten Zeiträumen wider.

[3] Prüferisch durchgesehen für den jeweiligen Dreimonatszeitraum; geprüft für die zum 31. Dezember endenden Geschäftsjahre 2018 und 2017.

[4] Bereinigte EBITDA-Marge wird als Quotient aus EBITDA dividiert durch Umsatzerlöse berechnet.

[5] ROIC wird berechnet als betriebliches Ergebnis multipliziert mit 1 abzüglich der effektiven Steuerrate dividiert durch das durchschnittliche investierte Kapital. Das durchschnittliche investierte Kapital ist definiert als die Summe aus Nettoumlaufvermögen und langfristigem Vermögen, während das Nettoumlaufvermögen definiert ist als die Summe aus Vorräten und Lieferungen und Leistungen, sonstigen Forderungen abzüglich Verbindlichkeiten aus Lieferungen und Leistungen.

[6] Die Eigenkapitalquote wird als Eigenkapital zum Ende des relevanten Zeitraums dividiert durch den Ertrag berechnet.

[7] Die Eigenkapitalrendite errechnet sich aus dem Periodenergebnis nach Steuern geteilt durch das durchschnittliche Eigenkapital. Das durchschnittliche Eigenkapital ist die Summe des Eigenkapitals am Anfang und Ende der jeweiligen Periode geteilt durch zwei.

[8] Prüferisch durchgesehen für den jeweiligen Dreimonatszeitraum (wie unten angeführt); geprüft für die angegebenen Geschäftsjahre (wie unten angeführt). Das Ergebnis je Aktie errechnet sich aus dem Periodenüberschuss dividiert die durchschnittliche Anzahl der ausstehenden Aktien für die angegebene Periode. Die durchschnittliche Anzahl der ausstehenden Aktien wird auf Basis des Durchschnitts der ausstehenden Aktien zu Beginn und am Ende der Periode berechnet. Die Kennzahl „Ergebnis je Aktie (in €)" für das zum 31. Dezember endende Geschäftsjahr 2017 ist eine Vergleichszahl, die dem geprüften Konzernabschluss für das zum 31. Dezember endende Geschäftsjahr 2018 entnommen wurde. Die Kennzahl „Ergebnis je Aktie (in €)" für das zum 31. Dezember endende Geschäftsjahr 2016 ist ungeprüft.

[9] Prüferisch durchgesehen für den jeweiligen Dremonatszeitraum (wie unten angeführt); geprüft für die angegebenen Geschäftsjahre (wie unten angeführt). Das verwässerte Ergebnis je Aktie wird als Reingewinn dividiert durch die durchschnittliche Anzahl der ausstehenden Aktien einschließlich des Verwässerungseffekts der Aktienoptionen für die angegebene Periode berechnet. Die durchschnittliche Anzahl der ausstehenden Aktien wird auf der Grundlage des Durchschnitts der ausstehenden Aktien zu Beginn und am Ende der Periode berechnet, einschließlich der Aktienoptionen mit Verwässerungseffekt, die als Durchschnitt der Aktienoptionen zu Beginn und Ende der Periode berechnet werden. Die Kennzahl „Verwässertes Ergebnis je Aktie (in €)" für das zum 31. Dezember endende Geschäftsjahr 2017 ist eine Vergleichszahl, die dem geprüften Konzernabschluss für das zum 31. Dezember endende Geschäftsjahr 2018 entnommen wurde. Die Kennzahl „Verwässertes Ergebnis je Aktie (in €)" für das zum 31. Dezember endende Geschäftsjahr 2016 ist ungeprüft.

Die vorgenannten Finanzkennzahlen werden – mit Ausnahme der Berechnung des ROIC – in Übereinstimmung mit den Richtlinien der dänischen Finanzgesellschaft zur Berechnung der Finanzkennzahlen berechnet. Die Berechnung des Gewinns je Aktie und des verwässerten Gewinns je Aktie basiert auf den Vorgaben des IAS 33.

Darüber hinaus verwendet das Management den Bereinigten Bruttogewinn, das Bereinigte EBITDA (ohne außerordentliche Posten), die Bereinigte Bruttogewinnmarge und Bereinigte EBITDA-Marge (ohne außerordentliche Posten) als alternative Leistungskennzahlen zur Beurteilung die Leistung des Geschäfts von Abacus Medicine.

Die folgende Tabelle zeigt diese alternativen Leistungskennzahlen (einschließlich einer Überleitung zu den IFRS-Kennzahlen) für die angegebenen Zeiträume:

	1. Januar – 31. März		**1. Januar – 31. Dezember**		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € Mio., sofern nicht anders angegeben)				
	(durchgesehen, sofern nicht anders angegeben)		(geprüft, sofern nicht anders angegeben)		
Rohertrag	**11,2**	**8,4**	**40,8**	**29,3**	**20,7**
Bruttomarge (in %) [1]	12,4	11,7	12,3	11,6	11,6
Bereinigt um außerordentliche Posten:					
Bereinigt um außerordentliche Bestandsabschreibungen auf Vorräte für ein bestimmtes pharmazeutisches Produkt [1]	–	–	*0,5*	–	–
Bereinigter Rohertrag [1, 2]	11,2	8,4	41,3	29,3	20,7
Bereinigte Bruttomarge (in %) [1, 2]	12,4	11,7	12,4	11,6	11,6
Bereinigtes Ergebnis (EBIT)	**1,9**	**1,7**	**9,9**	**7,6**	**5,1**
Abschreibungen	1,2	0,7	2,7	1,9	1,5
EBITDA	**3,1**	**2,4**	**12,6**	**9,4**	**6,6** [1]
EBITDA Marge (in %)	**3,4**	**3,3**	**3.8**	**3,7**	**3,7**
Bereinigtes EBITDA [1]	**3,1**	**2,4**	**13,6**	**9,8**	**6,6,**
Bereinigte EBITDA Marge (in %) [1]	**3,4**	**3,3**	**4,1**	**3,9**	**3,7**
Bereinigt um außerordentliche Posten:					
davon:Abschreibungen auf Vorräte für ein bestimmtes pharmazeutisches Produkt [1]	–	–	*0,5*	–	–
davon: Kosten für die Umstrukturierung und Abfindungszahlungen [1]	–	–	*0,3*	*0.1*	–
Bereinigtes EBITDA (exklusive außerordentlicher Posten) („Bereinigtes EBITDA II") [1]	**3,1**	**2,4**	**14,5**	**9,9**	**6,6**

	1. Januar – 31. März		1. Januar – 31. Dezember		
	2019	2018	2018	2017	2016
	(in € Mio., sofern nicht anders angegeben)				
	(durchgesehen, sofern nicht anders angegeben)		(geprüft, sofern nicht anders angegeben)		
Bereinigte EBITDA Marge (exklusive außerordentliche Posten) (in %) („Bereinigte EBITDA II Marge“) [1]	**3,4**	**3,3**	**4,3**	**3,9**	**3,7**
Bereinigt um außerordentliche Posten:					
Kosten für DayDose-Aktivitäten [1]	*–*	*0,3*	*0.8*	*1,4*	*1,3*
Bereinigtes EBITDA (exklusive außerordentliche Posten und DayDose-Aktivitäten („Bereinigtes EBITDA III“) [1]	**3,1**	**2,7**	**15,3**	**11,2**	**7,9**
Bereinigte EBITDA Marge (exklusive DayDose-Aktivitäten) (in %)(„Bereinigte EBITDA III Marge“) [1]	**3,4**	**3,8**	**4,6**	**4,4**	**4,5**

[1] Ungeprüft und nicht prüferisch durchgesehen.

[2] Einschließlich des Anteils am Rohertrag im Zusammenhang mit den DayDose-Aktivitäten in Höhe von € -12 tausend für den Dreimonatszeitraum endend 31. März 2018 und € -14,0 tausend, € 44,0 tausend bzw. € 76,0 tausend für die zum 31. Dezember endenden Geschäftsjahre 2018, 2017 und 2016.

Wesentliche Änderungen der Finanzlage und des Betriebsergebnisses der Emittentin in oder nach dem von den wesentlichen historischen Finanzinformationen abgedeckten Zeitraum

Die folgenden wesentlichen Änderungen der Vermögens-, Finanz- und Ertragslage von Abacus Medicine haben sich in dem Dreimonatszeitraum zum 31. März 2019 und 2018, in den zum 31. Dezember endenden Geschäftsjahren 2016, 2017 und 2018 sowie in der Folgezeit ergeben:

Jüngste Entwicklungen – Update

Zwischen dem 31. März 2019 und dem Datum dieses Prospekts hat sich das operative Geschäft auf dem erwarteten Niveau entwickelt und Umsatz und EBITDA lagen im Rahmen der Erwartungen des Managements. Das Management geht davon aus, dass sich der Umsatz für den verbleibenden Teil des Jahres 2019 in Übereinstimmung mit der Entwicklung des Unternehmens in dem zum 31. März 2019 endenden Dreimonatszeitraum entwickeln wird, während das EBITDA im vierten Quartal etwas niedriger sein wird als im zum 31. März 2019 endenden Dreimonatszeitraum.

Zum 31. Dezember 2018 und zum 31. März 2019 wurde die im Kreditvertrag (Multi-Option Facility Agreement) vom 10. Oktober 2018 enthaltene Kapitalisierungsquote (solvency rate) jeweils unterschritten und daher gegen die vereinbarte Zusicherung (Covenant) verstossen, da die Gesellschaft aus ihrer ursprünglichen Absicht, im Oktober 2018 ein öffentliches Angebot im Rahmen des Börsengangs durchzuführen, nicht die erwarteten Erlöse generiert hat. Die kreditgewährende Danske Bank A/S hat jeweils einen Verzicht auf die Geltendmachung ihrer Rechte erklärt und mit Nachtrag zum Kreditvertrag vom 9. Mai 2019 wurde vereinbart, dass die Kapitalisierungsquote bis zum 30. Juni 2020 auf ein niedrigeres Niveau gesenkt wurde, bei deren Geltung die Gesellschaft zu den oben genannten Stichtagen nicht gegen die Zusicherung verstossen hätte.

Darüber hinaus haben sich seit dem 31. März 2019 bis zum Datum dieses Prospekts keine wesentlichen Änderungen in der finanziellen und wirtschaftlichen Lage der Gesellschaft ergeben.

Zum 31. März 2018 und 31. März 2019 endende Dreimonatszeiträume

In dem zum 31. März 2019 endenden Dreimonatszeitraum stiegen die Umsatzerlöse von € 71,8 Mio. in dem zum 31. März endenden

Dreimonatszeitraum 2018 um € 18,6 Mio. oder 25,9 % auf € 90,4 Mio., was auf die Zunahme von Parallelimporten und Parallelvertrieb zurückzuführen ist. In dem zum 31. März 2019 endenden Dreimonatszeitraum trugen die Aktivitäten von Aposave Umsatzerlöse von € 1,8 Mio. bei, wovon € 1,0 Mio. auf das Geschäft mit nicht zugelassenen Medikamenten und € 0,8 Mio. auf die Dienstleistungen für klinische Studien entfielen, wobei sich die DayDose-Aktivitäten in dem zum 31. März 2018 endended Dreimonatszeitraum mit € 0,1 Mio. negativ auf die Umsatzerlöse auswirkten. Geografisch gesehen stiegen die Umsatzerlöse in dem zum 31. März 2019 endenden Dreimonatszeitraum in den wichtigsten Märkten im Allgemeinen weiter an, mit einem starken Wachstum in Schweden, Dänemark, den Niederlanden und anderen Ländern, mit Ausnahme von Deutschland, wo die Umsatzerlöse in dem zum 31. März 2019 endenden Dreimonatszeitraum von € 45,9 Mio. um € 0,6 Mio. oder -1,3 % auf € 45,3 Mio. leicht zurückgingen. Das neue Warenwirtschaftssystem („**ERP-System**“) ging einher mit einer Erhöhung der Mitarbeiterzahl externer IT-Berater sowie mit Investitionen in IT-Software, Hardware und Serialisierung für Geräte, die erforderlich sind, um den Anforderungen der Fälschungrichtlinie, die Anfang 2019 in Kraft trat, Rechnung zu tragen. Die sonstigen Fremdkosten stiegen in diesem Zusammenhang von € 1,7 Mio. um € 0,7 Mio. oder 41,2 % auf € 2,4 Mio. in dem zum 31. März 2019 endenden Dreimonatszeitraum an; dies vor allem aufgrund strategischer Entscheidungen des Vorstands, sich auf das weitere Wachstum durch den Ausbau des Parallelhandelsgeschäfts der Gruppe und die Erschließung neuer Geschäftsfelder durch Aposave vorzubereiten, Maßnahmen, die unter anderem Investitionen in das neue ERP-System und dessen Wartung erforderten, sowie Aufwendungen für Reisen, Berater, Ausbau, Werbung und die Rekrutierung eines neuen Aposave-Teams zur Vorbereitung auf das erwartete Wachstum. Infolgedessen stiegen die Personalkosten von € 4,3 Mio. in dem zum 31. März 2018 endenden Dreimonatszeitraum um € 1,4 Mio. oder 32,6 % auf € 5,7 Mio. in dem zum 31. März 2019 endenden Dreimonatszeitraum, was vor allem auf einen Anstieg der durchschnittlichen Anzahl der Vollzeitbeschäftigten zurückzuführen ist, die um 176 Mitarbeiter oder 45 % von 391 Mitarbeitern zum 31. März 2018 auf 567 Mitarbeiter zum 31. März 2019 anstieg. Der Anstieg der Personalkosten spiegelt das Umsatzwachstum wider, das zusätzliche Mitarbeiter für das Umpacken, die Einhaltung der Vorschriften (insbesondere die Einhaltung der FMD-Richtlinie) und die Einstellung eines Führungsteams für das Aposave-Geschäft erforderte.

Das Bereinigte EBITDA stieg von € 2,4 Mio. in dem zum 31. März endenden Dreimonatszeitraum 2018 um € 0,7 Mio. oder 29,2 % auf € 3,1 Mio. in dem zum 31. März endenden Dreimonatszeitraum 2019, was hauptsächlich auf die Expansion des Konzerns und die damit verbundenen Personal- und Verwaltungskosten zur Unterstützung des zukünftigen Wachstums des Konzerns zurückzuführen ist. Letzteres wirkte sich negativ aus, während sich die erstmalige Anwendung des neuen Rechnungslegungsstandards IFRS 16 Leases mit Wirkung zum 1. Januar 2019 zu einer Änderung in der Darstellung von Leasingverträgen führte, die zuvor als sonstige externe Kosten ausgewiesen wurden, nun aber als Vermögenswerte und Verbindlichkeiten aus Nutzungsrechten erfasst werden. Da die Vermögenswerte des Nutzungsrechts abgeschrieben und die Leasingverbindlichkeiten über die Vertragslaufzeiten getilgt werden, wirkt sich dies positiv auf das Bereinigte EBITDA aus. Das Bereinigte EBITDA III stieg von € 2,7 Mio. im zum 31. März endenden Dreimonatszeitraum 2018 um € 0,4 Mio., oder 14,8 %, auf € 3,1 Mio. im zum 31. März endenden Dreimonatszeitraum 2018, während die Bereinigte EBITDA III Marge von 3,8 % auf 3,4 % sank.

Zum 31. Dezember 2017 und 31. Dezember 2018 endende Geschäftsjahre

Die Umsatzerlöse stiegen von € 253,1 Mio. im zum 31. Dezember 2017 endenden um € 79,2 Mio., oder 31,3 %, auf € 332,3 Mio. im zum 31. Dezember 2018 endenden Geschäftsjahr, was auf das gestiegene Volumen bei Parallelimporten und Parallelvertrieb zurückzuführen ist. Die Umsatzerlöse in Dänemark stiegen von € 34,8 Mio. im zum 31. Dezember 2017 endenden Geschäftsjahr um € 2,8 Mio. oder 8,0 %, auf € 37,6 Mio. im zum 31. Dezember 2018 endenden Geschäftsjahr, bedingt durch Marktanteilsgewinne bei Krankenhäusern. Diese Gewinne wurden durch erfolgreiche Krankenhausausschreibungen und die Liquidation eines dänischen Parallelhandelswettbewerbers, Europharma ApS, erzielt. Die Umsatzerlöse in Deutschland stiegen von € 149,9 Mio. im zum 31. Dezember 2017 endenden Geschäftsjahr um € 39,7 Mio., oder 26,5 %, auf € 189,6 Mio. im zum 31. Dezember 2018 endenden Geschäftsjahr, was im Wesentlichen auf eine neue Zusammenarbeit mit einem neuen Großhandelskunden zurückzuführen ist, die im zum 31. Dezember 2018 endenden Geschäftsjahr begründet wurde. Darüber hinaus hat das Unternehmen im Februar 2018 ein Logistikzentrum in Berlin eingerichtet, um die deutschen Kunden schneller direkt beliefern zu können, was auch zu einer Umsatzsteigerung auf dem deutschen Markt geführt hat.

Das bereinigte EBITDA stieg von € 9,8 Mio. im zum 31. Dezember 2017 endenden Geschäftsjahr um € 3,8 Mio., oder 38,8 %, auf € 13,6 Mio. im zum 31. Dezember 2018 endenden Geschäftsjahr, was vor allem auf das Umsatzwachstum des Unternehmens zurückzuführen ist, und das teilweise durch Personalkosten und Verwaltungskosten, die zur Unterstützung des zukünftigen Wachstums des Unternehmens entstanden sind, ausgeglichen wurde. Die bereinigte EBITDA-Marge stieg von 3,9 % im zum 31. Dezember 2017 endenden Geschäftsjahr auf 4,1 % im zum 31. Dezember 2018 endenden Geschäftsjahr. Das bereinigte EBITDA (exklusive Sonderposten und DayDose-Aktivitäten) stieg von € 11,2 Mio. im zum 31. Dezember 2017 endenden Geschäftsjahr um € 4,1 Mio. oder 36,6 % auf € 15,3 Mio. im zum 31. Dezember 2018 endenden Geschäftsjahr, während die bereinigte EBITDA-Marge (exklusive Sonderposten und DayDose-Aktivitäten) in diesem Zeitraum von 4,4 % auf 4,6 % stieg.

Das operative Ergebnis stieg von € 7,6 Mio. im zum 31. Dezember 2017 endenden Geschäftsjahr um € 2,3 Mio. oder 30,3 %, auf € 9,9 Mio. im zum 31. Dezember 2018 endenden Geschäftsjahr. Die Summe der langfristigen Vermögenswerte von Abacus Medicine stieg von € 11,9 Mio. zum 31. Dezember 2017 um € 5,4 Mio., oder 45,4 %, auf € 17,3 Mio. zum 31. Dezember 2018, was im Wesentlichen auf einen Anstieg der immateriellen Vermögenswerte und Sachanlagen zurückzuführen ist. Die immateriellen Vermögenswerte von Abacus Medicine stiegen von € 10,2 Mio. zum 31. Dezember 2017 um € 3,7 Mio., oder 36,3 %, auf € 13,9 Mio. zum 31. Dezember 2018, was hauptsächlich auf Investitionen in die IT, einschließlich Investitionen in das ERP-System im Jahr 2018 und den fortgesetzten Erwerb von Lizenzen zur Förderung des weiteren Wachstums zurückzuführen ist. Abacus Medicine investierte auch in IT-Software und Hardware sowie Serialisierungsausrüstung, die für die Einhaltung der Fälschungsrichtlinie erforderlich ist.

Zum 31. Dezember 2016 und 31. Dezember 2017 endende Geschäftsjahre

In dem zum 31. Dezember 2017 endenden Geschäftsjahr erhöhten sich die Umsatzerlöse von € 177,9 Mio. in dem zum 31. Dezember 2016 endenden Geschäftsjahr um € 75,2 Mio. oder 42,3 % auf € 253,1 Mio. in dem zum 31. Dezember 2017 endenden Geschäftsjahr. Dies ist unter anderem auf die Ausweitung der Kundenbasis von Abacus Medicine sowie auf die Gewinnung zusätzlicher Lizenzen und den Eintritt in neue

		geografische Märkte zurückzuführen. In Dänemark stiegen die Umsatzerlöse von € 17,3 Mio. in dem zum 31. Dezember 2016 endenden Geschäftsjahr um € 17,5 Mio. oder 101,2 % auf € 34,8 Mio. in dem zum 31. Dezember 2017 endenden Geschäftsjahr und spiegelt die erfolgreichen Ausschreibungen für Krankenhauslieferverträge und den daraus resultierende Marktanteilsgewinn wieder, der zusätzlich aufgrund der Liquidation des ehemaligen Konkurrenten Europharma ApS zunahm. Die Umsatzerlöse in Deutschland erhöhten sich in dem zum 31. Dezember 2017 endenden Geschäftsjahr ebenfalls von € 102,9 Mio. in dem zum 31. Dezember 2016 endenden Geschäftsjahr um € 47,0 Mio. oder 45,7 % auf € 149,9 Mio. Dies ist im Wesentlichen auf die erfolgreiche Diversifizierung der Produktbeschaffung zurückzuführen, was zur Ergänzung von 200 neuen Zulassungen für den deutschen Markt führte. Das betriebliche Ergebnis (EBIT) erhöhte sich von € 5,1 Mio. in dem zum 31. Dezember 2016 endenden Geschäftsjahr um € 2,5 Mio. bzw. 49,0 % auf € 7,6 Mio. in dem zum 31. Dezember 2017 endenden Geschäftsjahr, da sich die Aktivitäten in der Berichtsperiode profitabel erhöhten. Die durchschnittliche Anzahl der Vollzeitbeschäftigten im Konzern stieg von 206 in dem zum 31. Dezember 2016 endenden Geschäftsjahr auf 349 oder 69,4 % in dem zum 31. Dezember 2017 endenden Geschäftsjahr und führte zu erhöhten Personalkosten. Das EBITDA stieg von € 6,6 Mio. im zum 31. Dezember 2016 endenden Geschäftsjahr um € 2,8 Mio., oder 42,4 %, auf € 9,4 Mio. im zum 31. Dezember 2017 endenden Geschäftsjahr, ebenfalls hauptsächlich aufgrund gestiegener Personalkosten, während die EBITDA-Marge im zum 31. Dezember 2017 endenden Geschäftsjahr bei 3,7 % stabil blieb, verglichen mit 3,7 % im zum 31. Dezember 2016 endenden Geschäftsjahr. Die Summe der langfristigen Vermögenswerte von Abacus Medicine erhöhte sich von € 5,5 Mio. in dem zum 31. Dezember 2016 endenden Geschäftsjahr um € 6,4 Mio. oder 116,4 % auf € 11,9 Mio. in dem zum 31. Dezember 2017 endenden Geschäftsjahr, was im Wesentlichen auf einen Anstieg der immateriellen Vermögenswerte Vermögenswerte zurückzuführen ist. Das bereinigte EBITDA (exklusive Sonderposten und DayDose-Aktivitäten) stieg von € 8,0 Mio. im zum 31. Dezember 2016 endenden Geschäftsjahr um € 3,2 Mio. oder 40 % auf € 11,2 Mio. im zum 31. Dezember endenden Geschäftsjahr 2017, während die bereinigte EBITDA-Marge (exklusive Sonderposten und DayDose-Aktivitäten) in diesem Zeitraum leicht von 4,5 % auf 4,4 % sank. Die immateriellen Vermögenswerte von Abacus Medicine erhöhten sich von € 4,8 Mio. in dem zum 31. Dezember 2016 endenden Geschäftsjahr um € 5,4 Mio. oder 112,5 % auf € 10,2 Mio in dem zum 31. Dezember 2017 endenden Geschäftsjahr, hauptsächlich aufgrund von erworbenen IP-Rechten, Investitionen in IT und Goodwill im Zusammenhang mit dem Erwerb von Aposave sowie eine Erhöhung der aktivierten Kosten im Zusammenhang mit der Erweiterung des Lizenzportfolios.
B.8	**Ausgewählte wesentliche *Pro forma*-Finanzinformationen**	Entfällt. (Die Emittentin hat keine in diesen Prospekt einzubeziehenden *Pro forma*-Finanzinformationen erstellt.)
B.9	**Gewinnprognosen oder -schätzungen**	Die Gesellschaft erwartet derzeit gegenüber dem am 31. Dezember 2018 endenden Geschäftsjahr ein Umsatzwachstum für das am 31. Dezember 2019 endende Geschäftsjahr in einer Bandbreite von 20 % bis 35 % oder Umsatzerlöse zwischen € 400,0 und € 445,0 Mio. Das Unternehmen erwartet für das am 31. Dezember 2019 endende Geschäftsjahr einen Rohertrag in einer Bandbreite von 12,0 % bis 12,5 % des Umsatzerlöses und ein betriebliches Ergebnis vor Abschreibungen und Sonderposten (bereinigtes EBITDA) in einer Bandbreite von 4.1 % bis 4.6 % der Umsatzerlöse, wobei Sonderposten als im Zusammenhang

		mit der Vorbereitung des Börsengangs anfallende Kosten der Gesellschaft in Höhe von ca. € 0.6 Mio erwartet werden.
B.10	**Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen**	Entfällt. (Die Bestätigungsvermerke des unabhängigen Abschlussprüfers zu den in diesem Prospekt enthaltenen Abschlüssen wurden uneingeschränkt erteilt.)
B.11	**Geschäftskapital der Emittentin zur Erfüllung bestehender Anforderungen nicht ausreichend**	Entfällt. (Die Emittentin ist der Ansicht, dass der Konzern in der Lage ist, sämtliche Zahlungsverpflichtungen zu erfüllen, die mindestens in den kommenden zwölf Monaten, beginnend mit dem Datum dieses Prospekts, fällig werden.)

C – Wertpapiere

C.1	**Art und Gattung der angebotenen und zum Handel zuzulassenden Wertpapiere**	Das Angebot besteht aus: • 3.586.207 bestehenden Stammaktien aus dem Bestand von Wagner Family Holding ApS (der „**Verleihende Aktionär**“), die dem Underwriter zum Zweck der Platzierung im Rahmen des Angebots zur Verfügung gestellt werden (die „**Darlehensaktien**“); in dem Umfang, in dem Darlehensaktien im Rahmen des Angebots platziert werden, wird das Wertpapierdarlehen mit neu ausgegebenen Stammaktien aus einer am 2. Mai 2019 durch eine von der ordentlichen Hauptversammlung der Emittentin beschlossenen Ermächtigung an das *Board of Directors* (die „**IPO Kapitalerhöhung**“) (die „**Neuen Aktien**“) zurückgeführt werden, • 719.996 bestehenden Stammaktien aus dem Eigentum von Wagner Family Holding ApS, Lars Jenster, Visicata ApS (die im alleinigen Eigentum und unter alleiniger Kontrolle von Lars Jenster steht) and L. Conradsen Holding ApS (die „**Veräußernden Aktionäre**”) (die „**Umzuplatzierenden Aktien**”), und • 645.930 bestehenden Stammaktien aus dem Bestand von Wagner Family Holding ApS (der „**Greenshoe Aktionär**”) in Zusammenhang mit einer möglichen Mehrzuteilung, die 15 % der gesamten Anzahl der im Rahmen des Angebots tatsächlich platzierten Darlehensaktien und Umzuplatzierenden Aktien nicht übertreffen werden (die „**Mehrzuteilungsaktien**“ und, zusammen mit den Darlehensaktien und den Umzuplatzierenden Aktien, die „**Angebotenen Aktien**“), jeweils mit einem Nennbetrag von jeweils € 0,05 und mit Berechtigung zum Bezug von Dividenden (das „**Angebot**“). Zum Zwecke der Zulassung zum Handel am regulierten Markt der Frankfurter Wertpapierbörse und der zeitgleichen Zulassung zum Teilbereich des regulierten Markts mit weiteren Zulassungsfolgepflichten (*Prime Standard*) der Frankfurter Wertpapierbörse, bezieht sich dieser Prospekt auf bis zu 3.586.207 Neue Aktien und 7.450.000 bestehende Stammaktien der Emittentin (das Grundkapital der Emittentin zum Datum dieses Prospekts), wobei jede einer solchen Aktie einen Nennbetrag von € 0,05 aufweist. Es wird erwartet, dass das Grundkapital der Emittentin im Anschluss an die Registrierung der IPO Kapitalerhöhung in bis zu 11.036.207 Stammaktien aufgeteilt sein wird. Alle angebotenen und zum Handel zuzulassenden Wertpapiere sind Stammaktien.

	Wertpapierkennung	International Securities Identification Number (ISIN)	DK0061111739
		Wertpapierkennnummer (WKN)	A2N6X0
		Common Code	189556209
		Börsenkürzel	ABC
C.2	**Währung**	Euro	
C.3	**Zahl der ausgegebenen und voll eingezahlten Aktien**	Zum Datum dieses Prospekts beträgt das nominale Grundkapital der Emittentin € 372.500,00 und ist in 7.450.000 Stammaktien eingeteilt, die alle ausgegeben wurden. Das Grundkapital ist vollständig eingezahlt. Die Emittentin hält keine eigenen Aktien.	
	Nennwert	Jede Aktie der Emittentin stellt einen anteiligen Betrag des Grundkapitals der Emittentin mit einem Nennwert von € 0,05 dar.	
C.4	**Beschreibung der mit den Wertpapieren verbundenen Rechte**	Alle Aktien, einschließlich der Angebotenen Aktien, tragen die gleichen Rechte, und die Angebotenen Aktien sind gleichrangig zu den anderen Aktien der Gesellschaft in Bezug auf Stimmrechte, Bezugsrechte, Rückzahlung, Umwandlung und Beschränkungen oder Einschränkungen gemäß der Satzung der Gesellschaft (die „**Satzung**") oder der Berechtigung zum Bezug von Dividenden oder Erlösen im Falle einer Auflösung und Liquidiation. Mit keiner Aktie sind nach der Satzung besondere Rechte, Einschränkungen oder Beschränkungen verbunden. Jede Aktie mit einem Nennwert von € 0,05 berechtigt den Inhaber zu einer Stimme in der Hauptversammlung der Emittentin und zum Bezug von Dividenden. Jeder Aktionär kann die Behandlung bestimmter Gegenstände auf der Hauptversammlung verlangen, vorausgesetzt dass der Aktionär dem *Board of Directors* ein diesbezügliches schriftliches Verlangen spätestens sechs Wochen vor dem Datum der Hauptversammlung übermittelt.	
C.5	**Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere**	Nicht anwendbar. (Die Aktien sind frei übertragbare Wertpapiere, und weder nach der Satzung der Gesellschaft noch nach Dänischem Recht ist die Übertragbarkeit der Aktien beschränkt.)	
C.6	**Antrag auf Zulassung der Wertpapiere zum Handel an einem geregelten Markt und Nennung aller geregelten Märkte, an denen die Wertpapiere gehandelt werden sollen**	Die Emittentin wird, zusammen mit Joh. Berenberg, Gossler & Co. KG, Hamburg, Deutschland ("**Berenberg**" oder "**Underwriter**"), die Zulassung der Aktien der Emittentin (mit Ausnahme der Neuen Aktien) zum regulierten Markt mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (*Prime Standard*) an der Frankfurter Wertpapierbörse am oder um den 23. Mai 2019 beantragen. Der Zulassungsbeschluss für die Aktien der Emittentin (mit Ausnahme der Neuen Aktien) wird voraussichtlich am 29. Mai 2019 erteilt. Der Handel mit den Aktien der Emittentin (mit Ausnahme der Neuen Aktien) an der Frankfurter Wertpapierbörse wird voraussichtlich am 31. Mai 2019 beginnen. Die Emittentin wird, zusammen mit Berenberg, die Zulassung der Neuen Aktien der Emittentin zum regulierten Markt mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (*Prime Standard*) an der Frankfurter Wertpapierbörse am oder um den 23. Mai 2019 beantragen. Der Zulassungsbeschluss für die Neuen Aktien der Emittentin wird voraussichtlich am 4. Juni 2019 erteilt. Die Einbeziehung der Neuen Aktien in die dann bestehende Notierung an der Frankfurter Wertpapierbörse wird voraussichtlich am 6. Juni 2019 stattfinden.	

C.7	**Dividendenpolitik**	Dividenden werden in Übereinstimmung mit geltendem Recht ausgeschüttet und dies wird unter anderem vom Geschäftsergebnis, der Finanzlage, den vertraglichen Beschränkungen und dem Kapitalbedarf der Emittentin abhängen. Die Gesellschaft plant derzeit, alle zur Verfügung stehenden Finanzmittel für Zwecke der Finanzierung und Umsetzung ihrer Wachstumsstrategie bezüglich der gegenwärtigen und zukünftigen Geschäftstätigkeit zu verwenden und hat keine Pläne, in näherer Zukunft Dividenden auszuschütten.

D – Risiken

Mögliche Anleger sollten die nachfolgend beschriebenen Risiken sowie alle sonstigen in diesem Prospekt enthaltenen Informationen vor der Entscheidung über eine Anlage in Aktien der Emittentin sorgfältig prüfen. Die folgenden Risiken könnten allein oder zusammen mit weiteren Risiken und Unwägbarkeiten, die der Emittentin derzeit nicht bekannt sind oder die die Emittentin derzeit als unwesentlich erachtet, erhebliche beeinträchtigende Auswirkungen auf die Geschäfts-, Finanz- und Ertragslage der Emittentin oder des Konzerns haben. Die Reihenfolge, in der die Risikofaktoren dargestellt sind, stellt weder eine Aussage über die Eintrittswahrscheinlichkeit noch über die Bedeutung und Höhe oder das Ausmaß der jeweiligen Risiken dar.

Die Risikofaktoren beruhen auf Annahmen, die sich als falsch herausstellen könnten. Darüber hinaus könnten sich andere Risiken, Tatsachen oder Umstände, die der Emittentin derzeit nicht bekannt sind, als wichtig erweisen oder einen wesentlichen nachteiligen Effekt auf die Geschäfts-, Finanz- und Ertragslage der Emittentin haben. Der Marktpreis der Aktien der Emittentin könnte sinken, sofern sich eines dieser Risiken verwirklichen sollte; in diesem Fall könnten Anleger ihre Anlage ganz oder teilweise verlieren.

D.1	**Schlüsselrisiken, die den Investitionen der Emittentin und ihrer Branche eigen sind**	**Risiken in Bezug auf den Markt und die Branche, in denen die Gesellschaft tätig ist** • *Das Parallel Trading unterliegt einer Vielzahl von Gesetzen und Vorschriften auf nationaler und EU-Ebene, die für Hersteller und Händler von Arzneimitteln gelten, die häufig geändert werden können, und die mangelnde Anpassung an und Nichteinhaltung dieser Gesetze und Vorschriften kann die Geschäftstätigkeit von Abacus Medicine beeinträchtigen.* • *Das Parallel Trading mit Arzneimitteln wird unwirtschaftlich, wenn der Preisunterschied zwischen dem Erwerbsland und dem Absatzland die Kosten für Transport, Umpacken und Weiterverkauf nicht übersteigt.* • *Original-Zulassungsinhaber oder Hersteller von Arzneimitteln können versuchen, Parallel Trading zu begrenzen.* • *Parallel Trading Quoten, die den Verkauf der jeweiligen Arzneimittel unterstützen, könnten reduziert oder abgeschafft werden.* • *Eine Förderung generischer Arzneimittel (Generika), und eine erhöhte Verwendung individualisierter Arzneimittel könnte die Nachfrage nach Parallel Trading-Arzneimitteln verringern.* • *Sollten sich einzelne Länder aus der Wirtschafts- und Währungsunion zurückziehen, könnte das Parallel Trading aufgrund der daraus resultierenden Wertsteigerungen oder -verluste von Währungen wirtschaftlich schwieriger werden. Sollten einzelne Länder aus der EU austreten oder die EU insgesamt zusammenbrechen, wäre das Geschäftsmodell des Parallel Tradings noch stärker gefährdet.*

- *Parallel Trading ist durch intensiven Wettbewerb und andere den Marktzugang beschränkende Faktoren gekennzeichnet.*

Risiken in Bezug auf die Gesellschaft

- *Qualitätsmängel bei den von Abacus Medicine vertriebenen Arzneimitteln (einschließlich verfälschter und gefälschter Produkte) können zu Gewährleistungsansprüchen und Umsatzverlusten führen und das Ansehen der Gesellschaft schädigen.*
- *Abacus Medicine ist auf ein starkes und zuverlässiges Lieferantennetzwerk angewiesen, und ein Lieferantenausfall, Unterbrechungen in der Verfügbarkeit einer ausreichenden Versorgung, Störungen in der Lieferkette oder die Unfähigkeit der Gruppe, die benötigte Menge an Arzneimitteln innerhalb einer bestimmten Preisklasse zu beziehen, könnten sich negativ auf die Geschäftstätigkeit des Konzerns auswirken.*
- *Sollten Pharmagroßhändler ihre eigene Gesellschaft für Parallel Trading gründen oder sollten diese oder andere große Kunden ihre Geschäftsbeziehung zu Abacus Medicine beenden oder erheblich einschränken, könnte dies nachteilige Auswirkungen auf Abacus Medicine haben.*
- *Pharmazeutische Produkte könnten, zum Beispiel aufgrund von Lieferengpässen, nicht lieferbar sein.*
- *Einige der vom Konzern gehandelten Produkte sind gefährlich oder enthalten gefährliche Inhaltsstoffe.*
- *Der Konzern ist für die Lieferung der gekauften und verkauften Arzneimittel von dritten Beförderungsunternehmen abhängig.*
- *Störungen oder Ausfälle der Informationstechnologiesysteme des Konzerns oder jeglicher Systeme von Dienstleistern, die vom Konzern genutzt werden, können erhebliche negative Auswirkungen auf das Geschäft haben.*
- *Störungen der Umpack-, Lager- und Logistikeinrichtungen des Konzerns können das Geschäft der Gesellschaft beeinträchtigen.*
- *Abacus Medicine unterliegt konstanten Finanzierungs- und Liquiditätsanforderungen. Die Nichtverfügbarkeit von Finanzierungsquellen kann sich negativ auf das Geschäft der Gruppe auswirken.*
- *Der Konzern unterliegt dem Kreditrisiko seiner Lieferanten und Kunden.*
- *Der Konzern ist möglicherweise nicht in der Lage, seine Lagerbestände effizient zu verwalten, was zu erheblichen Abschreibungen führen kann.*
- *Verträge in der Fremdfinanzierung des Konzerns könnten seine Finanzierung und operative Flexibilität einschränken.*
- *Ist in der Zukunft eine Refinanzierung bestehender Finanzierungsverträge erforderlich, wird der Konzern wirtschaftlich von den zu diesem Zeitpunkt angebotenen Konditionen abhängig sein. Die Gesellschaft kann in Zukunft auch zusätzliche Finanzierungen benötigen, und diese Finanzierungen sind möglicherweise nicht zu günstigen Konditionen oder überhaupt verfügbar und könnten sich für die Anteilseigner im Falle von Eigenkapitaltransaktionen verwässernd auswirken.*
- *Im Falle eines Insolvenzverfahrens der Goofy-Sam Holding B.V.*

würde Abacus Medicine Verluste erleiden als Folge einer Wandelanleihe, die Abacus Medicine an die Gesellschaft ausgegeben hat, und Abacus Medicine würde, bei Umwandlung der Anleihe in Eigenkapital, ein Anteilseigner werden, dessen Ansprüche allen anderen gegenwärtigen und zukünftigen Ansprüchen von Gläubigern der Goofy-Sam Holding B.V. im Rahmen eines Insolvenzverfahrens untergeordnet wären.

- *Die zukünftigen Ergebnisse der Gruppe können wesentlich von dem abweichen, was in der in diesem Prospekt enthaltenen Gewinnprognose zum Ausdruck kommt oder impliziert wird, und die Anleger sollten sich nicht zu sehr auf diese Informationen verlassen.*
- *Die bestehende Compliance-Struktur des Konzerns ist möglicherweise nicht ausreichend.*
- *Es gibt keine Garantie, dass der Konzern in der Lage ist, zukünftiges Wachstum erfolgreich zu steuern.*
- *Die Expansion in neue Märkte oder andere Geschäftsbereiche kann scheitern, kostenintensiv sein und Investitionen in zukünftige Aktivitäten können möglicherweise nicht die gewünschten Ergebnisse bringen.*
- *Der Konzern ist möglicherweise nicht in der Lage, gezielte Akquisitionen durchzuführen oder alle mit zukünftigen Akquisitionen verbundenen Risiken einzuschätzen.*
- *Die internationale Reichweite der Geschäftstätigkeit sowie die Unternehmens- und Finanzierungsstruktur des Konzerns können potenziell nachteilige steuerliche Folgen nach sich ziehen; einschließlich finanzieller Risiken und Geldbußen aufgrund von Fehlern bei der Überwachung, Kontrolle und Einhaltung der verschiedenen MwSt-Regelungen.*
- *Die Steuerbelastung des Konzerns könnte sich durch künftige Steuerprüfungen erhöhen.*
- *Abacus Medicine kann Prozessrisiken hinsichtlich der Umverpackung bestimmter Arzneimittel ausgesetzt sein, die den weiteren Vertrieb solcher Produkte behindern und zu zusätzlichen Kosten führen können; Abacus Medicine kann auch Risiken aus zukünftigen Rechts-, Verwaltungs- und Schiedsverfahren aus anderen Gründen ausgesetzt sein.*
- *Änderungen der Zinssätze können die Ertragslage des Konzerns beeinträchtigen.*
- *Der Konzern ist Währungsrisiken ausgesetzt, die mit Wechselkursänderungen zusammenhängen, und seine Sicherungsstrategie könnte scheitern.*
- *Der Versicherungsschutz des Konzerns kann unzureichend sein, die Versicherungskosten sich möglicherweise erhöhen und bestimmte Risiken oder unerwartete Ereignisse nicht abdecken.*
- *Der Konzern ist von den Mitgliedern seiner Geschäftsleitung abhängig und kann möglicherweise kein Schlüssel- und hochqualifiziertes Personal gewinnen und halten.*
- *Die Gesellschaft könnte durch den Übergang zu einer Aktiengesellschaft benachteiligt sein.*

D.3	**Schlüsselrisiken, die den Wertpapieren eigen sind**	**Risiken in Bezug auf die Aktionärsstruktur, das Angebot und die Börsennotierung**

- *Nach dem Angebot wird der Wesentliche Anteilseigner weiterhin ein Großaktionär bleiben und wichtige Maßnahmen der Gruppe kontrollieren oder anderweitig beeinflussen können, und seine Interessen könnten mit denen der anderen Aktionäre der Gesellschaft in Konflikt stehen.*
- *Künftige Verkäufe von Anteilen nach dem Angebot können zu einem Rückgang des Marktpreises der Anteile führen.*
- *Die Anteile waren bisher nicht an der Börse notiert und es gibt keine Garantie dafür, dass sich ein aktiver und liquider Markt für die Anteile entwickeln wird. Der Streubesitz kann auf absehbare Zeit begrenzt bleiben.*
- *Der Marktpreis und das Handelsvolumen der Anteile können erheblich schwanken und bei Abschluss des Angebots nachlassen und Anleger könnten ihre Beteiligungen ganz oder teilweise verlieren.*
- *Die Gesellschaft wird einen weiten Ermessensspielraum bei der Verwendung des Nettoerlöses aus dem Angebot haben und wenn die Gesellschaft diesen nicht effektiv nutzt, kann der Preis der Aktien der Gesellschaft sinken.*
- *Das Angebot könnte nicht erfolgen und Anleger könnten bereits gezahlte Gebühren verlieren und für sie bestünde das Risiko, Leerverkäufe der Anteile nicht decken zu können; im Falle einer Kündigung des Aktienübernahmevertrags mit dem Bankenkonsortium nach dem Settlement der Angebotenen Aktien könnte die IPO Kapitalerhöhung möglicherweise nicht durchgeführt werden.*
- *Die Ausgabe zusätzlicher Anteile, insbesondere ohne Vorkaufsrecht, kann alle anderen Beteiligungen verwässern oder den Kurs der Anteile senken.*
- *Anteilsinhaber können eine negative Rendite oder keine Rendite für ihre Beteiligungen an der Gesellschaft erzielen.*
- *Wechselkursdifferenzen können den Wert von Beteiligungen oder gezahlten Dividenden erheblich beeinträchtigen.*
- *Anteilsinhaber in bestimmten nicht-dänischen Jurisdiktionen können möglicherweise nicht an zukünftigen Aktienangeboten teilnehmen.*
- *Die Rechte der Anleger als Aktionäre unterliegen dem dänischen Recht und unterscheiden sich in einigen Punkten von den Rechten der Aktionäre nach den Gesetzen anderer Länder.*
- *Der Angebotspreis je Aktie übersteigt den Nettobuchwert je Aktie des Eigenkapitals der Gesellschaft.*
- *Das Angebot kann möglicherweise nicht vollständig umgesetzt werden, was sich negativ auf die Wachstumsaussichten der Gesellschaft und/oder die Liquidität der Aktien auf dem Markt auswirken könnte.*

E – Angebot

E.1 Gesamtnettoerlöse

Geschätzte Gesamtkosten des Angebots und der Börsennotierung,	Die Emittentin und die Veräußernden Aktionäre tragen die durch das Angebot der Angebotenen Aktien und der Börsennotierung des gesamten Grundkapitals der Emittentin entstehenden Kosten, einschließlich

	einschließlich der geschätzten Kosten, die dem Anleger von der Emittentin in Rechnung gestellt werden	Konsortial- und Platzierungsprovisionen, die an den Underwriter gezahlt werden. Diese Kosten werden sich voraussichtlich auf insgesamt € 5,2 Mio. zum Mittelwert der Preisspanne (unter der Annahme einer Platzierung aller Angebotenen Aktien und einer vollständigen Ausübung der Greenshoe-Option (wie in E.3 definiert) und vollständiger Zahlung der ermessensabhängigen Gebühr) belaufen. Von diesen Gesamtkosten werden die Veräußernden Aktionäre ungefähr € 1,4 Mio. und die Emittentin € 3,8 Mio. tragen. Anlegern werden von der Emittentin, den Veräußernden Aktionären oder dem Underwriter in dieser Funktion keine Kosten in Rechnung gestellt. Anleger müssen die üblichen Transaktions- und Abwicklungskosten tragen, die ihnen ihre depotführenden Broker oder Finanzinstitute in Rechnung stellen.
E.2	**Gründe für das Angebot**	Die Emittentin beabsichtigt die Zulassung ihrer Aktien (einschließlich der Neuen Aktien) zum regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (*Prime Standard*), um einen verbesserten Zugang zum Kapitalmarkt zu erlangen. Die Emittentin beabsichtigt außerdem, mit den Erlösen der Ausgabe der Neuen Aktien ihre Finanzstruktur zu optimieren. Die Wagner Family Holding ApS beabsichtigt, das Angebot durchzuführen, um die Erlöse aus dem Verkauf des auf sie entfallenden Anteils der Umzuplatzierenden Aktien und der Mehrzuteilungsaktien, soweit anwendbar, teilweise dazu zu verwenden, ein zur Finanzierung des Erwerbs des Anteils eines früheren Aktionärs der Gesellschaft aufgenommenes Darlehen zurückzuführen, ihren Anteil an der Emittentin teilweise zu veräußern und einen ausreichenden Streubesitz und Handelsliquidität der Aktien der Emittentin sicherzustellen. Die übrigen Verkaufenden Aktionäre beabsichtigen, den auf sie entfallenden Anteil der Umzuplatzierenden Aktien zu veräußern, um Kapitalertragsteuern zu begleichen, die als Folge des Angebots und der Zulassung von ihnen erhoben werden.
	Zweckbestimmung der Erlöse	Die Gesellschaft beabsichtigt, einen wesentlichen Teil des Nettoemissionserlöses aus der Emission der Neuen Aktien zu verwenden, um ihre Eigenkapitalbasis im Hinblick auf das erwartete Wachstum des Geschäftsbetriebs zu stärken und die Liquidität des Konzerns zu verbessern. Insbesondere sollen • Investitionen in Höhe von € 30–40 Mio. in erhöhte Einkaufsmacht vorgenommen werden, um auf den Bedarf bestimmter Kundengruppen einzugehen, z.B. die Beziehungen zu Apotheken zu erhöhen, die Auftragsfertigstellungsquote und die Eigenkapitalquote zu verbessern, um die Finanzierungskosten zu senken; • im Rahmen der Marktkonsolidierung und für die Expansion der Geschäftsbereiche Unlizenzierte Arzneimittel, Managed Access Programs und Clinical Trials Services und für die Marktkonsolidierung € 5–10 Mio. ausgegeben werden; • Investitionen in Sachanlagen und immaterielle Vermögenswerte für den Ausbau des Lizenzportfolios der Gesellschaft in Höhe von € 4–7 Mio. vorgenommen werden, zur weiteren Steigerung der Umsatzerlöse und für Investitionen in ihre Produktionsstätten in Ungarn und den Niederlanden (Mietereinbauten, Maschinen); • Investitionen in Höhe von € 3–5 Mio. vorgenommen werden in das Umsatzwachstum und betriebliche Prozesse, die Fortsetzung des Roll-outs ihres neuen ERP-Systems, Erhöhung des Personalbestands an IT- und Regulierungsexperten und allgemeine Unternehmens-

zwecke.

	Geschätzte Nettoerlöse	Die Emittentin rechnet damit, ungefähr € 54,7 Mio. an Bruttoerlösen und ungefähr € 50,9 Mio. an Nettoerlösen zum Mittelwert der Preisspanne zu erhalten. Die Veräußernden Aktionäre rechnen damit, aus dem Verkauf der Umzuplatzierenden Aktien ungefähr € 11,0 Mio. an Bruttoerlösen und ungefähr € 10,2 Mio. an Nettoerlösen zum Mittelwert der Preisspanne zu erhalten.
E.3	**Angebotskonditionen**	Das Angebot besteht aus einem öffentlichen Angebot in der Bundesrepublik Deutschland („**Deutschland**") sowie aus Privatplatzierungen in bestimmten Rechtsordnungen außerhalb Deutschlands. Die Angebotenen Aktien werden nur im Rahmen von Offshore-Geschäften im Sinne der Regulation S unter dem U.S. Securities Act von 1933 in der jeweils geltenden Fassung angeboten und verkauft.
	Angebotszeitraum	Der Zeitraum, in dem Anleger ihre Kaufangebote für die Angebotenen Aktien abgeben können, beginnt voraussichtlich am 23. Mai 2019 und endet voraussichtlich am 29. Mai 2019 (der „**Angebotszeitraum**"). Am letzten Tag des Angebotszeitraums können Kaufangebote (i) von Privatanlegern bis 23:59 Uhr (Mitteleuropäische Sommerzeit) („**MESZ**") und (ii) von institutionellen Anlegern bis 15:00 Uhr MESZ abgegeben werden. Kaufangebote von institutionellen Anlegern und Privatanlegern sind bis zum Ablauf der jeweiligen Angebotsfrist frei widerruflich. Ein Widerruf von Kaufangeboten (Order) kann nach Zuteilung der Angebotsaktien nicht erfolgen.
	Preisspanne und Angebotspreis	Die Preisspanne, innerhalb derer Kaufangebote abgegeben werden können, beträgt € 14,50 bis € 16,00 je Angebotener Aktie (die „**Preisspanne**"). Der endgültige Preis je Angebotener Aktie (der „**Angebotspreis**") und die endgültige Anzahl an Angebotenen Aktien, die im Rahmen des Angebots platziert werden (das heißt das Ergebnis des Angebots), werden voraussichtlich am 30. Mai 2019 festgelegt. Nach Festlegung des Angebotspreises werden die Angebotenen Aktien den Anlegern aufgrund dann vorhandener Kaufangebote zugeteilt. Der Angebotspreis und die endgültige Anzahl der Angebotenen Aktien werden voraussichtlich am oder um den 30. Mai 2019 mittels einer *ad hoc*-Meldung über ein elektronisches Informationsverbreitungssystem sowie auf der Webseite der Emittentin veröffentlicht. Die Anzahl der Umzuplatzierenden Aktien, die tatsächlich platziert werden, wird durch die Veräußernden Aktionäre in Abstimmung mit dem Underwriter abhängig von der Marktnachfrage und unter Benutzung des Orderbuchs, das während des Bookbuilding geführt wird, am Tag der Preissetzung festgelegt. Sollte das Platzierungsvolumen nicht ausreichen, um alle zum Angebotspreis platzierten Angebote zu bedienen, behält sich der Underwriter das Recht vor, Angebote zurückzuweisen oder nur teilweise anzunehmen.
	Änderung der Angebotsbedingungen	Die Gesellschaft behält sich das Recht vor, nach Beratung mit dem Underwriter, die Anzahl der Angebotsaktien zu verringern oder zu erhöhen, die obere oder untere Begrenzung der Preisspanne zu senken oder zu erhöhen und/oder die Angebotszeitraum zu verlängern oder zu verkürzen. Sofern die Angebotsbedingungen geändert werden, wird diese Änderung über elektronische Medien, auf der Website der Gesellschaft (www.abacusmedicine.com) und, soweit gesetzlich erforderlich, als

ad hoc-Mitteilung und/oder als Nachtrag zu diesem Prospekt veröffentlicht werden.

Der Übernahmevertrag zwischen der Gesellschaft, den Veräußernden Aktionären und dem Underwriter regelt, dass der Underwriter unter bestimmten Umständen von dem Übernahmevertrag zurücktreten können, und zwar auch nachdem die Aktien zugeteilt und börsennotiert wurden bis zur Lieferung und Abrechnung der Aktien. Sollte es zu einem Rücktritt vom Übernahmevertrag kommen, wird das Angebot nicht durchgeführt. In diesem Fall werden bereits erfolgte Zuteilungen an Anleger unwirksam. Ein Anspruch auf Lieferung wird in diesem Fall nicht bestehen. Ansprüche in Bezug auf bereits erbrachte Provisionen und im Zusammenhang mit dem Angebot entstandene Kosten eines Anlegers richten sich allein nach dem Rechtsverhältnis zwischen dem Anleger und dem Finanzinstitut, bei dem er sein Kaufangebot abgegeben hat. Sollten Anleger sogenannte Leerverkäufe vorgenommen haben, so tragen sie das Risiko, ihre Lieferverpflichtungen nicht erfüllen zu können.

Lieferung und Abrechnung

Die Zahlung des Angebotspreises durch Investoren hat voraussichtlich am 31. Mai 2019 zu erfolgen.

Die Angebotenen Aktien werden voraussichtlich am 31. Mai 2019 geliefert. Die Angebotenen Aktien werden den Aktionären im Effektengiroverkehr zur Verfügung gestellt.

Stabilisierungsmaßnahmen, Mehrzuteilung und Greenshoe-Option

Im Zusammenhang mit der Platzierung der Angebotenen Aktien handelt Berenberg als Stabilisierungsmanager (der „**Stabilisierungsmanager**“) und kann als Stabilisierungsmanager gemäß der rechtlichen Bestimmungen (Artikel 5 Abs. 4 und 5 der Marktmissbrauchsverordnung (EU) Nr. 596/2014 in Verbindung mit Artikel 5 bis 8 der delegierten Verordnung der Kommission (EU) 2016/1052) Mehrzuteilungen vornehmen und Stabilisierungsmaßnahmen ergreifen, um den Marktpreis der Aktien der Emittentin zu stützen und dadurch einem möglichen Verkaufsdruck entgegenzuwirken.

Der Stabilisierungsmanager ist zu Stabilisierungsmaßnahmen nicht verpflichtet. Folglich muss eine Stabilisierung nicht zwingend erfolgen und kann jederzeit beendet werden. Solche Maßnahmen können ab dem Zeitpunkt der Aufnahme des Börsenhandels der Aktien der Emittentin am regulierten Markt der Frankfurter Wertpapierbörse vorgenommen werden und sind spätestens 30 Kalendertage nach diesem Zeitpunkt einzustellen (der „**Stabilisierungszeitraum**“).

Mit Blick auf mögliche Stabilisierungsmaßnahmen können Anlegern zusätzlich zu den Darlehensaktien und den Umzuplatzierenden Aktien bis zu 645.930 Mehrzuteilungsaktien als Teil der Zuteilung der Angebotenen Aktien zugeteilt werden. Zum Zwecke einer solchen möglichen Mehrzuteilung werden dem Stabilisierungsmanager 645.930 bestehende Aktien aus dem Eigentum des Greenshoe Aktionärs in Form eines Wertpapierdarlehens (die „**Geliehenen Aktien**“) zur Verfügung gestellt. Der Greenshoe Aktionär hat dem Underwriter eine Option zum Erwerb sämtlicher oder eines Teils der Geliehenen Aktien zum Angebotspreis abzüglich der vereinbarten Gebühren und Provisionen eingeräumt (die „**Greenshoe-Option**“, und die endgültige Anzahl der von dem Stabilisierungsmanager zu erwerbenden Geliehenen Aktien, die „**Greenshoe Aktien**”).

Die Greenshoe-Option darf nur während des Stabilisierungszeitraums ausgeübt werden.

Der Stabilisierungsmanager ist berechtigt, die Greenshoe-Option im Umfang der ursprünglichen Mehrzuteilung auszuüben; der Stabilisierungsmanager ist auch dann berechtigt, diese Option während

		des Stabilisierungszeitraums auszuüben, wenn die Ausübung einem Verkauf von Aktien durch den Stabilisierungsmanager folgt, welche er zuvor im Zuge von Stabilisierungsmaßnahmen erworben hat (sog. „Auffrischen des Greenshoes"). Binnen einer Woche nach Ablauf des Stabilisierungszeitraums wird der Stabilisierungsmanager eine angemessene öffentliche Bekanntmachung darüber, ob Stabilisierungsmaßnahmen vorgenommen wurden, wann mit Stabilisierungsmaßnahmen begonnen wurde und wann diese zuletzt vorgenommen wurden, sowie die Preisspanne, innerhalb derer die Stabilisierungsmaßnahmen durchgeführt wurden, in Bezug auf jeden Zeitpunkt und Handelsplatz, an dem Stabilisierungsmaßnahmen vorgenommen wurden, in angemessener Form sicherstellen.
E.4	**Wesentliche Interessen an der Emission/dem Angebot, einschließlich Interessenkonflikte**	Die Emittentin beabsichtigt, ihre Aktien (einschließlich der Neuen Aktien) im regulierten Markt der Frankfurter Wertpapierbörse unter gleichzeitiger Zulassung zum Teilsegment des regulierten Marktes mit zusätzlichen Zulassungsfolgepflichten (Prime Standard) zum Zwecke eines besseren Zugangs zum Kapitalmarkt einzuführen. Die Emittentin beabsichtigt auch, das Angebot durchzuführen, um den Erlös aus der Platzierung der Geliehenen Aktien zu erhalten, um ihre Finanzierungsstruktur zu optimieren. Die Veräußernden Aktionäre werden die Erlöse aus dem Angebot der Umzuplatzierenden Aktien und, im Fall des Greenshoe Aktionärs, der Ausübung der Greenshoe-Option (abzüglich von Gebühren und Aufwendungen) erhalten. Unter der Annahme des Verkaufs aller Umzuplatzierenden Aktien zum Mittelwert der Preisspanne, vollständiger Ausübung der Greenshoe Option und nach Abzug der Gebühren und Aufwendungen, die von den Veräußernden Aktionären im Zusammenhang mit dem Angebot zu zahlen sind, würden sich die den Veräußernden Aktionären zufließenden Erlöse aus dem Angebot auf ungefähr € 19,4 Mio. bzw. 27,6 % des gesamten Nettoerlöses aus dem Angebot belaufen. Dementsprechend haben die Veräußernden Aktionäre ein Interesse am Erfolg des Angebots zu bestmöglichen Bedingungen. Der Underwriter handelt bei dem Angebot für die Emittentin und die Bestehenden Aktionäre und koordiniert Strukturierung und Durchführung des Angebots. Nach erfolgreicher Durchführung des Angebots erhält der Underwriter eine Provision. Aufgrund dieser vertraglichen Beziehung hat der Underwriter ein finanzielles Interesse an einem erfolgreichen Angebot. Im Zusammenhang mit dem Angebot kann darüber hinaus der Underwriter und jede Tochtergesellschaft als Anleger auf eigene Rechnung Aktien aus dem Angebot erwerben und in dieser Eigenschaft diese Aktien und damit verbundene Finanzanlagen auf eigene Rechnung erwerben, behalten oder veräußern und diese Aktien oder sonstige Finanzanlagen außerhalb des Angebots anbieten oder verkaufen. Zudem kann der Underwriter und seine Tochtergesellschaften mit Anlegern Finanzierungsvereinbarungen (einschließlich Tausch- (*swaps*) und Differenzgeschäfte (*contracts for difference*)) eingehen, aufgrund derer der Underwriter (und seine Tochtergesellschaften) gelegentlich Aktien der Emittentin erwerben, behalten oder über diese verfügen können. Der Underwriter bzw. mit ihm verbundene Unternehmen könnten in Zukunft gelegentlich Geschäftsbeziehungen zum Konzern unterhalten oder Dienstleistungen zugunsten des Konzerns im Rahmen ihres gewöhnlichen Geschäftsbetriebs erbringen.
E.5	**Name der Person/des Unternehmens, die/das das**	Die Angebotenen Aktien werden von dem Underwriter zum Verkauf angeboten.

Wertpapier zum Verkauf anbietet	
Lock-up-Vereinbarungen, beteiligte Parteien und Lock-up-Frist	Im Aktienübernahme- und Platzierungsvertrag hat die Emittentin mit dem Underwriter vereinbart, soweit rechtlich zulässig, ohne die vorherige schriftliche Zustimmung des Underwriters, die nicht unbillig verweigert oder verzögert werden darf, bis zum Ende eines Zeitraums von sechs Monaten nach dem ersten Werktag nach der Aufnahme der Neuen Aktien in die bis dahin bestehende Notierung der Aktien an der Frankfurter Wertpapierbörse (voraussichtlich am 6. Juni 2019), keine • Erhöhung des Grundkapitals der Emittentin aus genehmigten Kapital anzukündigen oder zu bewirken; • Erhöhung des Grundkapitals der Hauptversammlung vorzuschlagen; bzw. • Ausgabe von Finanzinstrumenten, die Optionen oder Optionsscheine darstellen, die in Aktien der Emittentin oder Transaktionen mit vergleichbarem wirtschaftlichem Effekt (einschließlich derivative Geschäfte) anzukündigen, zu bewirken oder vorzuschlagen. Für einen am 22. Mai 2019 beginnenden und 180 Tage nach dem ersten Handelstag der Aktien der Emittentin an der Frankfurter Wertpapierbörse (derzeit für den 31. Mai 2019 erwartet) endenden Zeitraum haben sich die Bestehenden Aktionäre (einschließlich der Veräußernden Aktionäre) verpflichtet, dass sie nicht: • Aktien der Emittentin oder eines ihr verbundenen Unternehmens anbieten, verpfänden, zuteilen, verteilen, verkaufen, sich zum Verkauf von Aktien der Emittentin verpflichten, eine Option auf Aktien der Emittentin verkaufen oder sich zum Kauf von Aktien vertraglich verpflichten, eine Option zum Verkauf von Aktien erwerben, eine Option oder ein Recht bzw. Bezugsrecht zum Erwerb von Aktien gewähren, Aktien übertragen oder anderweitig (direkt oder indirekt) über Aktien der Emittentin verfügen werden (einschließlich, aber nicht beschränkt hierauf, die Ausgabe oder der Verkauf von Wertpapieren, die in Aktien der Emittentin umgetauscht werden können) oder ein wirtschaftlich gleichwertiges Geschäft eingehen oder durchführen; und • die Bekanntmachung, Durchführung oder Umsetzung einer Kapitalerhöhung des Grundkapitals der Emittentin oder eine direkte oder indirekte Platzierung von Aktien der Emittentin direkt oder indirekt veranlassen oder bestätigen werden (mit Ausnahme der IPO-Kapitalerhöhung); • eine Kapitalerhöhung des Grundkapitals der Emittentin, direkt oder indirekt, einer Hauptversammlung der Emittentin zur Abstimmung vorschlagen oder zugunsten einer solchen vorgeschlagenen Kapitalerhöhung abstimmen werden; oder • eine Bekanntmachung, Durchführung oder einen Vorschlag zur Ausgabe von Finanzinstrumenten, die Optionsrechte oder wandelbare Bezugsrechte auf Aktien der Emittentin oder Transaktionen mit vergleichbarem wirtschaftlichem Effekt (einschließlich derivative Geschäfte) begründen, direkt oder indirekt veranlassen oder bestätigen werden. Diese Vereinbarung ist nicht anwendbar auf (i) bis zu 50 % der Aktien, die ein Mitarbeiter aufgrund der Ausübung von Optionsrechten im Rahmen des Optionsprogramms 2016 der Gesellschaft erhalten kann, und (ii) auf die Übertragung der Angebotenen Aktien im Zusammenhang mit diesem Angebot oder für die Verpfändung von Aktien, die sich im Besitz

der Wagner Family Holding befinden und die aufgrund von Finanzierungsverträgen zwischen Unternehmen der Gruppe erforderlich sind oder sein können.

E.6 **Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung**

Gemäß dem ungeprüften verkürzten Konzernzwischenabschluss für den zum 31. März 2019 endenden Dreimonatszeitraum entspricht der Nettobuchwert der Emittentin zum 31. März 2019 € 15,9 Mio. (Bilanzsumme € 107,8 Mio. abzüglich langfristiger Rückstellungen und Verbindlichkeiten von € 4,2 Mio. und kurzfristiger Rückstellungen und Verbindlichkeiten von € 87,6 Mio.). Der Nettobuchwert je Aktie (Eigenkapital je Aktie), der dem Nettobuchwert geteilt durch die Anzahl der ausstehenden Aktien der Emittentin unmittelbar vor dem Angebot entspricht, würde € 2,14 je Aktie der Emittentin betragen auf Grundlage von 7.450.000 ausstehenden Aktien der Emittentin unmittelbar vor dem Angebot.

Die unmittelbar verwässernde Wirkung des Angebots ist in der untenstehenden Tabelle dargestellt, die den Betrag veranschaulicht, um den der Angebotspreis zum Mindest-, Mittel- und Höchstwert der Preisspanne den auf die Aktionäre entfallenden Nettovermögenswert je Aktie nach Abschluss des Angebots übersteigt, unter der Annahme, dass die unten beschriebenen Schritte des Angebots am 31. März 2019 vorgenommen worden wären. Vor diesem Hintergrund wurde der auf die Aktionäre am 31. März 2019 entfallende Nettobuchwert um die Auswirkungen aus dem Angebot angepasst unter der Annahme, dass (i) die IPO Kapitalerhöhung für 3.586.207 Neue Aktien zum Mindestwert, zum Mittelwert und zum Höchstwert der Preisspanne durchgeführt wird und (ii) sich der auf die Aktionäre entfallende Nettobuchwert zum Mindestwert der Preisspanne um € 48,4 Mio., zum Mittelwert der Preisspanne um € 50,9 Mio. und zum Höchstwert der Preisspanne um € 53,5 Mio. erhöht. Die angenommene Erhöhung beruht auf dem erwarteten Nettoerlös ohne Berücksichtigung von Steuereffekten. Der bereinigte auf die Aktionäre entfallende Nettobuchwert ist als eine Kennzahl je Aktie unter der Annahme von 11.036.207 ausstehenden Aktien der Emittentin zum Mindestwert, zum Mittelwert bzw. zum Höchstwert der Preisspanne nach Durchführung des Angebots dargestellt (diese Kennzahl je Aktie wird als „auf die Aktionäre entfallendes Eigenkapital je Aktie nach dem Angebot“ bezeichnet).

	Zum 31. März 2019		
	Mindestwert	**Mittelwert**	**Höchstwert**
	(in € Mio., sofern nicht anders angegeben)		
	(ungeprüft und nicht prüferisch durchgesehen)		
Eigenkapital vor dem Angebot (Nettobuchwert) je Aktie [1]	2,14	2,14	2,14
Angebotspreis je Aktie (in €)	14,50	15,25	16,00
Auf die Emittentin entfallender Bruttoerlös aus der Ausgabe der Neuen Aktien	52,0	54,7	57,4
Auf die Emittentin entfallende geschätzte Gesamtkosten des Angebots [2]	3,6	3,8	3,9
Gesamter Nettoerlös der Emittentin aus der Ausgabe der Neuen Aktien	48,4	50,9	53,5
Auf die Aktionäre entfallendes Eigenkapital je Aktie nach dem Angebot	5,83	6,06	6,29

Betrag, um den der Angebotspreis je Aktie das auf die Aktionäre entfallende Eigenkapital je Aktie nach dem Angebot übersteigt (unmittelbare Verwässerung der neuen Aktionäre der Emittentin pro Aktie) (in €)	8,67	9,19	9,71
Prozentsatz, um den der Angebotspreis je Aktie das auf die Aktionäre entfallende Eigenkapital je Aktie nach dem Angebot übersteigt (in %)	149	152	154
Betrag, um den das auf die Aktionäre entfallende Eigenkapital je Aktie nach dem Angebot den Nettobuchwert je Aktie unmittelbar vor dem Angebot übersteigt (unmittelbarer Wertzuwachs der Bestehenden Aktionäre der Emittentin je Aktie)	3,69	3,92	4,15
Prozentsatz, um den das auf die Aktionäre entfallende Eigenkapital je Aktie nach dem Angebot den Nettobuchwert je Aktie unmittelbar vor dem Angebot übersteigt (in %)	172	183	194

[1] Beruhende auf 7.450.000 ausgegebenen Aktien unmittelbar vor dem Angebot und einen Nettobuchwert des Konzerns in Höhe von € 15,9 Mio. zum 31. März 2019. Dargestellt als Summe Eigenkapital im ungeprüften verkürzten Konzernzwischenabschluss für den zum 31. März 2019 endenden Dreimonatszeitraum.

[2] Einschließlich an den Underwriter zu zahlender Provisionen unter der Annahme, dass eine im Ermessen der Gesellschaft zu zahlende Vergütung in voller Höhe geleistet wird.

E.7	**Schätzung der Kosten, die dem Anleger von der Emittentin in Rechnung gestellt werden**	Entfällt. (Anlegern werden von der Emittentin, den Veräußernden Aktionären oder dem Underwriter (in dieser Funktion) keine Kosten in Rechnung gestellt.)

1. RISK FACTORS

*Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Prospectus, before making an investment decision with respect to investing in shares in ABACUS MEDICINE A/S, Copenhagen, Denmark (the "**Company**" or the "**Issuer**" and, together with its fully consolidated subsidiaries, the "**Group**" or "**Abacus Medicine**") (the "**Shares**"). The occurrence of any of these risks, individually or together with other circumstances, could have a material adverse effect on the business, results of operations and financial position of the Issuer or the Group. The sequence of risk factors set out below is not a statement about the probability of occurrence, degree or importance of the individual risks.*

The risk factors are based on assumptions that could turn out to be incorrect. Furthermore, other risks, facts or circumstances not presently known to the Issuer could prove to be important and could have a material adverse effect on the business, results of operations and financial position of the Issuer. The value of the Shares could decline as a result of the occurrence of any of these risks, and investors could lose all or part of their investments.

1.1 Risks related to the market and industry in which the Company operates

1.1.1 Parallel Trading is subject to a multitude of laws and regulations on national and EU level applicable to manufacturers and distributors of pharmaceutical products that may be subject to frequent changes, and failure to adapt to and comply with such laws and regulations may adversely affect Abacus Medicine's business.

Abacus Medicine is engaged in both parallel import and parallel distribution of pharmaceutical products and generates almost all of its revenues with it. "**Parallel Import**" refers to the acquisition of pharmaceutical products, which are locally-authorised by the competent authority in one member state ("**Member State**") of the European Economic Area ("**EEA**") and the sale of such pharmaceutical products in another Member State by a company that is independent from, and acts in parallel to, the original marketing authorisation holder. In contrast, "**Parallel Distribution**" describes the acquisition of pharmaceutical products centrally-authorised by the European Medicines Agency ("**EMA**") and their sale in parallel to the original marketing authorisation holder. Parallel Import and Parallel Distribution are often and in this Prospectus also referred to as "**Parallel Trade**" or "**Parallel Trading**". As the original manufacturer decides whether to apply for a marketing authorisation in one of the Member States or for a marketing authorisation by the EMA, this decision will determine whether Parallel Trading with the respective pharmaceutical product by a third party falls within the category of Parallel Import or Parallel Distribution.

During the three-month period ended March 31, 2019, Abacus Medicine sourced pharmaceutical products from 28 countries (fiscal year 2018: 28; 2017: 27; 2016: 24) and sold directly into 12 European countries (fiscal year 2018: 12; 2017: 11; 2016: 7) as part of its Parallel Trading business. Thus, Abacus Medicine is subject to numerous laws and regulations governing its Parallel Trading business at both the European Union ("**EU**") and national level. In particular, Abacus Medicine is subject to a multitude of laws and regulations governing the import, export, distribution, labelling, repackaging, pricing and/or marketing of the Company's pharmaceutical products, including the EU Good Manufacturing Practice ("**GMP**") and EU Good Distribution Practice ("**GDP**") guidelines. On February 9, 2019 the Commission Delegated Regulation (EU) 2016/161 (the "**Packaging Regulation**") to the Falsified Medicine Directive (EU) 2011/62 (the "**FMD**") came into force which requires all manufacturers of prescription pharmaceutical products distributed in the EU to place a unique individual identifier complying with certain technical specifications and consisting of a sequence of numeric or alphanumeric characters that is unique to any given pack on the packaging for such pharmaceutical products and to equip all packaging with an anti-tampering device; this has required Abacus Medicine to adapt its packaging processes and to make additional investments in machinery and software (see also "*1.2.7. Disruptions or failures of the Group's information technology systems or of any systems from service providers used by* the Group could have a material adverse effect on its business.").

Furthermore, the distribution and sale of pharmaceutical products in different countries requires the Company to obtain marketing authorisations ("licences") by competent regulatory authorities in various jurisdictions, which exposes the Company to a variety of regulatory regimes and market practices. Adherence to applicable rules is supervised by various regulatory bodies, including EU and national authorities. To the extent the Group is pursuing business activities outside the territory of the Member States, further legal provisions need to be observed under the supervision of additional authorities. Any future expansions of its business activities into new

jurisdictions or areas of activity may increase the level of regulation and supervision and thereby the overall complexity of the Company's business model.

Specifically, the EU legal framework under which Abacus Medicine operates, has been developed and amended on numerous occasions in recent decades, with an increasing tendency to shift decision-making and proceedings from national to EU level, and the Company expects that the legal framework will remain subject to frequent changes. In particular, provisions on advertising, labelling and repackaging may be amended from time to time, but also other provisions, *e.g.*, such as those affecting technical requirements regarding the construction and operation of repackaging facilities could change. Many of the changes are implemented on the level of the EU. While regulations do not require implementation into national law and apply directly and uniformly in all Member States of the EU, directives only become effective once they are transposed into the law of the relevant Member State of the EU and the implementation of directives may vary between Member States, leading to additional complexity.

Such governmental regulation and supervision, as well as any future changes to laws, regulations or government policy (or in the interpretation or enforcement of existing laws or regulations, including changes in policy granting more favourable operating conditions to competing business activities) affecting the Group, its competitors or its industry may require changes to operating procedures, increased operational and administrative expenses or changes to the business model itself. Given the complexity of the regulatory framework on which the Group's business model is based on, single changes to the regulatory framework may result in the necessity to more general adjustements to the Group's business processes or even to the business model itself, and the impact of any changes to the regulatory framework may sometimes even be difficult to predict. All of this may also affect the Group's ability to introduce new products and services and to expand its business activity into other areas.

Any failure to comply with or perceived failure of the Company's compliance with applicable laws and regulations could lead to civil liability, administrative orders or enforcement actions, unanticipated compliance expenditures, substantial fines, recall of products, total or partial suspension of distribution, suspension of review of the Company's product applications, withdrawal of licences, injunctions and criminal prosecution and may prevent the Group to conduct its business as currently pursued, harm its competitive position and result in reduced revenue and market share.

If the Company is unable to adjust its business model or to adapt its business processes to any future changes to the regulatory framework or if its is unable to comply with applicable laws and regulations, this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.1.2 Parallel Trading in pharmaceutical products will be uneconomical if the price difference between the country of purchase and the country of sale does not exceed the costs of transport, repackaging and resale.

The business model of Parallel Trading is essentially based on different selling prices of original pharmaceutical products in individual Member States and thus on a form of arbitrage. Trading in a particular pharmaceutical product is only economically reasonable if the purchase price in one country plus the costs of transport, repackaging and resale and an appropriate profit margin still allows the pharmaceutical product to be sold in another country at a more favourable (or at least equal) price at which the relevant customer could otherwise purchase it directly. Prices are set for the individual pharmaceutical products by their relevant original manufacturers based on applicable legal restrictions. If the price difference between the country of purchase and the country of sale were to be reduced or – in case of a pan-European pricing by the manufacturer – entirely excluded so that the costs for transport, repackaging and resale plus the profit margin were no longer covered, or if the corresponding costs (*e.g.,* salaries and fees for market authorisations) were to increase to such an extent that they exceed the difference between the purchase and sales price or no longer allow an adequate profit margin, it would no longer be possible to operate the business model of Parallel Trading economically. The same may apply in case of changes in exchange rates (see also "*1.2.24. The Group is exposed to currency risks associated with changes in currency exchange rates, and its hedging strategy could fail.*"). While substantial increases or decreases in prices for specific pharmaceutical products in one or several Member States have been rare in the past, they cannot be excluded. Such substantial price increases or decreases would have an adverse effect on the ability of the Company to source or sell pharmaceutical products into various markets. As an example, a recent price decrease in the Federal Republic of Germany ("**Germany**") of nearly 50% for one particular pharmaceutical product made it impossible for Abacus Medicine to continue to sell the product profitably into this country and forced the Group to repackage it again for sales into other countries.

An increase of purchase prices for Abacus Medicine may, in turn, also result in Parallel Trading in the relevant pharmaceutical product becoming uneconomically. It is also not possible to pass on increased costs for transport, repackaging or resale (for example due to increased prices for fuel, packaging materials or wages) to customers by way of an increase of the sale price in the same way as would be an option with regard to other goods or services.

As far as one or more participating countries outside the euro area is concerned, the economic viability can also be influenced by exchange rates, which in the past, particularly in the United Kingdom and Sweden, has led to situations where Parallel Trading in at least individual pharmaceutical products could not be carried out economically for a time. To the knowledge of the Company, in the past, currency fluctuations mostly impacted Parallel Trading with sourcing from countries with generally lower pricing levels for licenced pharmaceutical products.

Any of the above could therefore have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.1.3 Original marketing authorisation holders or manufacturers of pharmaceutical products may try to limit the efforts of Parallel Trading.

Original marketing authorisation holders or manufacturers of pharmaceutical products have a strong interest in achieving the best possible price for their product in each country and thereby to maximise their total earnings. This interest conflicts with the interest of the Company, and ultimately its customers, to offer the same product at a lower price by way of Parallel Trading. Although the original manufacturer's sales quantity of a particular pharmaceutical product will remain basically unchanged, the original marketing authorisation holder's or manufacturer's profit margin may decline.

Some of the original marketing authorisation holders or manufacturers of pharmaceutical products are among the largest companies in Europe and therefore have significant financial and economic resources. Companies such as these could try to use their financial strength and economical and political weight, for example through lobbying, to exert a targeted influence on the legislator on EU level and/or in a particular Member States to achieve greater protection for original manufacturers of pharmaceutical products and their ability to set and maintain sales prices for their products, thereby restricting or completely eliminating the possibility for Parallel Trading or to limit sourcing possibilities, *e.g.*, through export quotas or restrictions in various Member States for specific pharmaceutical products. They may also attempt to impede or prevent Parallel Trading through practical measures, such as dual pricing strategies, reducing supply to wholesalers or by other measures, including litigation, which may be able or designed to complicate the business of market participants active in Parallel Trading and to increase their overall costs (see also "*1.1.2. Parallel Trading in pharmaceutical products will be uneconomical if the price difference between the country of purchase and the country of sale does not exceed the costs of transport, repackaging and resale.*"). Even though both the EU Commission and the European Court of Justice have regularly opposed illegal practices in the past (including by way of imposing fines on companies in the pharmaceutical sector for infringements of Parallel Trading and upholding the relevant administrative decisions in court), and the principle of the free movement of goods regulated in Articles 28–36 of the Treaty on the Functioning of the European Union has for many years been one of the four fundamental freedoms of the European Union, it cannot be ruled out that original marketing authorisation holders or manufacturers of pharmaceutical products may seek to take practical measures to prevent or make Parallel Trading more difficult and that such measures will also stand up in court or that there may be changes in the legal basis for Parallel Trading or its interpretation in the future. The European Court of Justice and the EU Commission have acknowledged that Member States may in certain cases restrict Parallel Trading, as long as the measures are justified, reasonable and proportionate to ensure a legitimate public interest, *e.g.*, to ensure an adequate and continuous supply of pharmaceuticals to the population (*source: European Commission, 2018*).

Any of the above could deprive the Group's business model of its basis and could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.1.4 Parallel Trading quotas supporting the sale of the respective pharmaceutical products might be reduced or abolished.

In order to reduce healthcare costs, some Member States have decided to enact a regulatory framework that facilitates Parallel Trading. For example, in Denmark ("**Denmark**") the pharmacy market has bi-weekly tenders for single pharmaceutical products, and the cheapest product – irrespective of whether it is marketed by an original manufacturer or by a Parallel Trading company –"wins" the tender and the market share for the period of the tender and all pharmacies are obligated to offer all patients this winning cheapest product. Abacus

Medicine believes that this framework is a supporting factor for Parallel Trading in Denmark as parallel traded products are often more competitive in terms of pricing.

In Germany, the current regulatory framework provides for a minimum quota of 5% of all pharmaceutical products sold within the statutory healthcare system to be imported from other EEA member states (so-called import quota). Pursuant to a framework agreement according to § 129 of Volume V of the Social Code (*Fünftes Buch Solzialgesetzbuch* – "**SGB V**") (*Rahmenvertrag über die Arzneimittelversorgung nach § 129 Abs. 2 Sozialgesetzbuch V*) between the Association of German Health Insurance Companies (*Spitzenverband Bund der Krankenkassen*) and the Association of German Pharmacies (*Deutscher Apothekerverband e. V.*) pharmaceutical products must be sold for at least 15.0% or €15.00 less than the product price of the original manufacturer to fulfil the current 5% import quota and to be taken into account by health insurance companies. With effect from July 1, 2019, this framework agreement will be amended and the aforementioned price quotas will be amended, thereby replacing the minimum quota of 5%. As a consequence, a parallel imported pharmaceutical product will have to be (i) 15% cheaper in the price range between €0–100.00, or (ii) €15.00 cheaper in the price range between €100.00–300.00 or (iii) 5% cheaper if the price is above €300.00 compared to prices of originally marketed pharmaceutical products. This provision is also reflected in a draft bill of the Federal Government for more safety in the supply of medicines (*Gesetz für mehr Sicherheit in der Arzneimittelversorgung* – "**GSAV**"). The state of Brandenburg, however, recently introduced a motion in the German Federal Council (*Bundesrat*) to abolish the aforementioned quotas altogether. The federal government has so far ignored such motion and a recent draft bill of the GSAV does currently not contain any provision to abolish any of the aforementioned quotas or to prohibit any agreement thereto. In February 2019, the state of Brandenburg submitted an amendment to the GSAV, which includes the removal of the aforementioned quotas. Most recently, on March 15, 2019, the German Federal Council (*Bundesrat*) provided a statement with respect to the current draft bill of the Federal Government, again, demanding the abolishment of the aforementioned quotas. It is currently expected that the GSAV will be adopted by the German Parliament (*Bundestag*) on June 6, 2019.

Even though the various regulatory frameworks favouring Parallel Distribution have been established for a significant period and have led to significant price advantages for the various healthcare systems, there can be no assurance that neither the respective quotas might be reduced nor that the regulatory frameworks are entirely abolished in the future in which case demand for parallel imported pharmaceutical products could decline or cease and the Company may be unable to sell the inventories it has already acquired at such time via other sales channels. This could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.1.5 Fostering generic pharmaceutical products and increased use of customised pharmaceutical products may lower demand for Parallel Traded pharmaceutical products.

Abacus Medicine imports and distributes original pharmaceutical products with valid patent protection whereas the duration of this protection is limited and generally expires after about 15 years leading to reduced market prices for so-called "generics". Once the patent expires revenues from such patent-free pharmaceutical products typically decline over time. Any increase and fostering of the generics market may, in turn, result in a decrease in the demand for parallel imported products.

Another potential development that may affect the pharmaceutical market, and in turn, the market for Parallel Trading is customised medication, where medical decisions, practices, interventions and/or pharmaceutical products are being tailored to single patients based on the context of their genetic content or molecular or cellular analysis to create individual pharmaceutical products. Due to their patient specific approach, customised medication is not exchangeable between patients in the same way as are convential pharmaceutical products and therefore is typically not imported or distributed by companies active in Parallel Trading.

Increased demand for generic or customised pharmaceutical products at the expense of patented pharmaceutical products may limit the necessity for Parallel Trading. This could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.1.6 If individual countries were to withdraw from the Economic and Monetary Union, Parallel Trading could become economically more difficult due to the resulting increases or decreases in the value of currencies. If individual countries were to withdraw from the EU at all or if the EU were to collapse altogether, the business model of Parallel Trading would be even more at risk.

Lately, there have been repeated public discussions of whether individual countries should or could withdraw from or be expelled from the European Economic and Monetary Union and whether such exit might even bring about a disintegration of the Union as a whole. Depending on the economic solvency of the withdrawing or

remaining EU Member States, such a development could result in a substantial devaluation of the legal currency less developed states or to a substantial increase in the value of the legal currency in developed states. Changes in exchange rates due to the appreciation of currencies in countries in which the Group sources some of the pharmaceutical products could make trading in those products economically unreasonable (see "*1.1.2. Parallel Trading in pharmaceutical products will be uneconomical if the price difference between the country of purchase and the country of sale does not exceed the costs of transport, repackaging and resale.*").

Furthermore, parts of the population in certain Member States question whether their country should continue to be part of the EU (at least under unchanged conditions). Following a referendum in 2016, the United Kingdom has decided to leave the EU, and this is currently expected to take place on October 31, 2019 at the latest, even though details of the United Kingdom's withdrawal and its further relationship with the EU may remain unclear for a considerable period of time. In the three-month period ended March 31, 2019, Abacus Medicine sourced 9.9% of its pharmaceutical products in the United Kingdom (2018: 11.1%; 2017: 10.6%; 2016: 8.7%) while in the same period sales into the United Kingdom amounted to 2.8% (2018: 1.5%; 2017: 1.5%; 2016: 1.6%). The Company expects that it will continue to be possible to sell pharmaceutical products into the United Kingdom as part of the Groups Parallel Trading activities; however, sourcing will no longer be possible as pharmaceutical products bought from outside the EEA constitute counterfeit products (see "*1.2.1. Quality deficiencies in the pharmaceutical products sold by Abacus Medicine (including falsified and counterfeit products) may result in warranty claims and losses in sales and damage the reputation of the Company.*"). As the Company's business model is based on the basic principle of the free movement of goods within the European Union, a reduction of the European Union's territory could reduce sourcing options (as will be the case once the United Kingdom leaves the EU, assuming that the United Kingdom will not revoke its declaration to withdraw from the EU in the meantime) and business potential for the Company, and the withdrawal of individual countries which are essential for business processes (such as Hungary, where the Group operates its central warehouse and repackaging facility or the Netherlands where the Company operates a smaller warehouse and repackaging facility which is also used as a warehouse for Aposave ApS, the Company's wholly-owned subsidiary) could make trades with individual or all pharmaceutical products uneconomical due to reduced price difference or increased arbitrage costs (see "*1.1.2. Parallel Trading in pharmaceutical products will be uneconomical if the price difference between the country of purchase and the country of sale does not exceed the costs of transport, repackaging and resale.*"). Should Member States decide to leave or ultimately the EU dissolve, the Company's business model would be endangered in its entirety.

The occurrence of one or more of the foregoing risks could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.1.7 Parallel Trading is characterised by intense competition and other factors limiting market access.

The market for Parallel Trading can be described as fragmented and highly competitive. In 2018, 117 licenced Parallel Trading companies were operating within the EU with revenue of €1 million or above (*source*: *Company's own calculations based on IQVIA MIDAS Quantum June 2018*). Competition is based mainly on price as companies active in Parallel Trading compete with the original marketing authorisation holder or manufacturer on the one side and other market participants active in Parallel Trading on the other side. Some markets, such as the Danish pharmacy market, are characterised by a high degree of transparency in regard to where information of prices and volumes are fully available to all stakeholders. Another key driver, especially with regard to sales to hospitals, but also for other customers, is the continuity and availability of the product range of the company active in Parallel Trading. The quality of the repackaging in terms of clarity of information is also of some importance.

The Group has faced and will continue to face competition from large international competitors active in multiple markets as well as from smaller competitors conducting business only in certain markets. Most pure-play competitors to the Group also operate in the German market in which the Company generates the major part of its profits. Some of the Company's current or future competitors are (or belong to a group that is) larger and may have significantly greater financial, logistical, marketing and other resources than the Company and may be able to devote greater resources to the product selection and development process, the handling of regulatory affairs, the expansion of their sourcing network and supply chain, their repackaging and logistics capabilities, and distribution, promotion and sale of their products (including by the appliance of bonus schemes). Some of the Group's competitors may have longer operating histories, more extensive customer bases and broader customer and industry relationships than the Company. The Group's competitors may be in a stronger position to expand into new markets and may be able to select, develop and sell their products more effectively. The Company cannot guarantee that it will be able to successfully compete in the markets it is currently active in. Increased competition could result in price reductions and revenue shortfalls, loss of customers, loss of market

share and difficulties in sourcing the products, any of which could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2 Risks related to the Company's business

1.2.1 Quality deficiencies in the pharmaceutical products sold by Abacus Medicine (including falsified and counterfeit products) may result in warranty claims and losses in sales and damage the reputation of the Company.

Statutory laws provide specific product liability rules for distributing pharmaceutical products in case of damages caused by such pharmaceutical products. According to those rules, companies are often subject to liability irrespective of fault, if, as a result of selling pharmaceutical products to consumers, a person is killed or a person's health is substantially impaired, provided that (i) the relevant pharmaceutical product is harmful when administered and such harm exceed the limits considered tolerable in the light of current scientific knowledge, or (ii) the damage has occurred as a result of labelling, expert information or instructions for use, which do not comply with current scientific knowledge. In addition to these specific provisions on product liability, the general rules of tort law may apply in case of a distribution of defective pharmaceutical products with reduced or eliminated medicinal effects so that the patient does not receive the required treatment.

Even though Abacus Medicine has taken extensive quality assurance measures, such as a global quality assurance system and validation of all suppliers, it cannot be excluded that pharmaceutical products purchased or sold by the Group may have quality deficiencies or can cause damages otherwise. Such quality deficiencies can occur in individual products or in entire batches of a certain product. They can be the result of failures in the manufacturing process of the original manufacturer (*e.g.*, due to wrong ingredients or an insufficient quantitiy of ingredients), of falsified or counterfeit products delivered by one of Abacus Medicine's suppliers or similar other reasons that are not controllable by the Group. While in this context the term "falsified" usually refers to products that were not fabricated by the alleged original manufacturers and may or may not be harmful, the term "counterfeit" is used to describe original pharmaceutical products that are not harmful *per se,* but that are not eligible for further distribution in the EEA through the legitimate and controlled supply chain for legal reasons. Non-eligibility may be the case when the pharmaceutical products have been taken outside the legal supply chain (*i.e.*, because they have been transported into a country outside the EEA and then brought back into one of the Member States), or they were never part of the legal supply chain (*i.e.*, because they have been sold by the original manufacturer in a country outside the EEA) or in cases of theft or falsified packaging. Recently, there have been incidents of counterfeits stemming from Bulgaria, the United Kingdom, Poland, Czech Republic, the Netherlands, and Lithuania, designated for further distribution across Europe. As a consequence, Abacus Medicine excluded several suppliers in 2018 from its list of eligible suppliers and, in two instances in 2018, recalled a limited number of batches of two different pharmaceutical products as a result of similar incidents. Even though the FMD is intended to decrease the risk of counterfeit or falsified pharmaceutical products entering the supply chain, similar situations may arise in the future. In a few other cases Abacus Medicine had to recall a pharmaceutical product following a recall by the original manufacturer.

Abacus Medicine could also make mistakes in the repackaging, storage, transport and handling process, resulting in pharmaceutical products formerly free from defects creating a patient risk due to incorrect storage or transport, or products being mixed-up, wrongly labelled or otherwise improperly packed or described and thereby misleading the ultimate customer.

If quality deficiencies of any sort arise and cause damages that exceed any stipulated or statutory limitations, are not covered by existing insurance of the Group and/or recoverable warranty claims against a supplier, this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Irrespective of any actual damages, insurance coverage or recoverable warranty claims, any product deficiencies (including a product being counterfeit) can give raise to product recalls and severely harm the market acceptance of the pharmaceutical products offered by Abacus Medicines as well as the Group's reputation. This could also have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.2 Abacus Medicine is dependent on a strong and reliable network of suppliers, and a loss of suppliers, interruptions in the availability of sufficient supply, disruptions to the supply chain or the inability of the Group to source the required amount of pharmaceutical products within a given price range could adversely affect the Group's business operations.

The Group calculates the anticipated quantities of pharmaceutical products on the basis of empirical values, but also tries to optimise inventory considering short storage times and quick turnovers for the high-price segment products (*i.e.*, with sales prices of €500 per package to €3,000 per package and above €3,000 per package). At the same time, the Group's use of procurement logistics is geared towards short supply times, but is not based on fixed or even long-term procurement contracts. The Group may make its calculations for anticipated demand based on wrong assumptions, but sales may also be unusually high for other reasons. In order to be able to adjust to any unforeseen demand within short time, Abacus Medicine is dependent on a strong and reliable network of suppliers.

The Group has access to several wholesalers as suppliers of all pharmaceutical products and usually tries to source most of the pharmaceutical products from various countries. Some of its suppliers in various countries belong to groups of companies from which Abacus Medicine sources a part of its pharmaceutical products. The Group's largest supplier (on a group level, *i.e.* aggregating suppliers which belong to the same corporate group of companies) contributed 7.2% of sourcing spent in the three-month period ended March 31, 2019 (fiscal year 2018: 9.0%, 2017: 5.3%; 2016: 6.1%). The top ten suppliers (on a group level) accounted for approximately 42.5% of sourcing spent in the three-month period ended March 31, 2019 (fiscal year 2018: 37.6%, 2017: 32.6%; 2016: 34.8%). To the best knowledge of the Company, the various entities of its suppliers act independently from each other in their respective jurisdiction. Thus, the Company believes not to be dependent on any of them as no supplier (on an entity level) contributed more than 6.5% of sourcing spent in the three-month period ended March 31, 2019 (fiscal year 2018: 6.5%; 2017: 5.1%; 2016: 6.1%). In the three-month period ended March 31, 2019, the top seven sourcing countries (on an entity level) accounted for approximately 68.8% of sourcing spent while in the same period 15.1% were sourced from suppliers in the Company's top sourcing country (fiscal year 2018: 13.1%; 2017: 12.1%; 2016: 12.9%; with three different countries being the top sourcing country of the Company in the four periods indicated). Nevertheless, it cannot be excluded that one supplier (on an entity level) ceasing to do business with Abacus Medicine for whatever reason could also result in other suppliers from the same corporate group of companies stopping supply to the Group.

It may be difficult to rapidly adjust to any inability of a supplier to provide the required pharmaceutical products, *e.g.*, due to the shortage of stock or to a temporary or permanent loss of a supplier. In such a situation, should Abacus Medicine not be able to source pharmaceutical products, this could result in Abacus Medicine's inability to fulfil existing contracts or generally to distribute pharmaceutical products any longer. If alternative sourcing can be implemented, but not in short-term, this can result in delays in repackaging and delivery by Abacus Medicine to its customers. Customers affected by the Group's inability to deliver pharmaceutical products or delays may withdraw existing orders or claiming for damages; it may also damage the reputation of the Company and result in a loss of customers for future orders.

In some countries, the supply for entire customer groups (for example in Denmark the supply of all pharmacies or of all hospitals) is put out to tender at regular intervals. The cheapest supplier is awarded the contract to supply the entire market for the tendered period. In addition to offering the lowest price, successful participation in such bidding processes also requires the ability to procure the necessary quantities within the price limit set. In some countries, a company will be granted fines if it is not able to supply the agreed amount of products. This requires a correspondingly large and efficient network of suppliers. In other countries, certain customer groups (*e.g.*, hospitals in Sweden) have the option to renew contracts on the same terms for a certain period of time. As a result, a supplier may be bound to the price originally offered for several years. As it is hardly possible to fix the purchase price with the suppliers for a longer period the price and the quantity is being negotiated for each order while the Group cannot rely on prices to be valid in the future. The Company tries to take all of this into consideration when calculating its offer prices. However, should the Company be able to win contracts from such tender processes, but subsequently not be able to acquire sufficient quantities at the required price level, this could necessitate supplemental purchases at higher costs or allow Abacus Medicine's customers to purchase the pharmaceutical products elsewhere, but to charge the Group with any additional costs. To the extent the Company should be unable to meet its delivery obligations at the agreed price, it would damage the Company's reputation, result in damages and financial losses and may prevent its successful participation in further tenders.

Abacus Medicine's supply chain is susceptible to various risks, including failure by the Company's suppliers to deliver products in a timely manner or at all, which may be caused by a number of factors, including financial problems, labour issues, product quality issues, production interruptions or lack of raw materials. This could result in liability, lost sales, cancelled sales, a loss of customers and customer confidence and may harm the Company's brands or reputation. If Abacus Medicine's suppliers do not observe the applicable laws and

regulations, the Company may be unable to sell the relevant products. If the Company fails to detect deficiencies in the products supplied to it before such products are shipped to its customers, the Company may has to recall such products or could be subject to product liability claims. Furthermore, the Company may become subject to legal or regulatory actions if its suppliers provide it with, and the Company sell, products that do not comply with applicable laws or regulations. Furthermore, in the event of any failure by Abacus Medicine's suppliers to meet legally required quality standards, the Company may not be successful in obtaining compensation from the relevant supplier, which would lead to additional costs, may damage our brands or reputation and may consequently lead to a loss of customers and customer confidence or administrative fines or criminal charges. In such an event, the Company may not be able to recover amounts paid to such suppliers or obtain damages to which it believes to be entitled.

All of this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.3 Should wholesalers set up their own Parallel Trading company or should wholesalers or other large customers terminate or significantly reduce their business relation with Abacus Medicine, this could have a detrimental effect on Abacus Medicine.

A substantial part of Abacus Medicine's pharmaceutical products is sold through wholesalers. In the three-month period ended March 31, 2019, the Group's top five customers (on a group level, *i.e.* aggregating customers which belong to the same corporate group of companies) represented approximately 66.2% of the Group's total revenue, while the Group's top customer (on a group level) represented approximately 31.6% of the Group's revenue (fiscal year 2018: 64.6% and 27.6%, respectively; 2017: 77.5% and 34.6%, respectively; 2016: 87.8% and 39.2%). To the best knowledge of the Company, the various entities of the respective customers act independently from each other in their respective jurisdiction. The Group's top customer (on an entity level) contributed 24.1% of the Company's total revenue in the three-month period ended March 31, 2019 (fiscal year 2018: 21.5%; 2017: 27.1%; 2016: 32.9%). Especially in countries where Abacus Medicine is only dealing through a single or a few wholesalers, the Group is exposed to the risk of such wholesalers setting up their own Parallel Trading company. Should this happen, or should such wholesalers or any other large customer not be willing to order pharmaceutical products from Abacus Medicine or significantly reduce quantities of ordered pharmaceutical products for any other reasons, this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.4 Pharmaceutical products may not be available for supply due to e.g. product shortage.

Apart from depending on a reliable network of suppliers (see "*1.2.2. Abacus Medicine is dependent on a strong and reliable network of suppliers, and a loss of suppliers, interruptions in the availability of sufficient supply, disruptions to the supply chain or the inability of the Group to source the required amount of pharmaceutical products within* a *given price range could adversely affect the Group's business operations.*"), Abacus Medicine also relies on the availability of the pharmaceutical products it requests. Several EU Member States have introduced or are attempting to implement bans for exporting pharmaceutical products across other EU markets or hampered exports by imposing obligations for Parallel Trading companies for seeking governmental approval prior to such export. As a consequence, suppliers may not supply pharmaceutical products in sufficient quantity. Even though Abacus Medicine sources its pharmaceutical products from various suppliers across Europe to receive the maximum amount of pharmaceutical products, it is usually not able to acquire the required amount of a specific pharmaceutical product in full as the demand for pharmaceutical products usually exceeds the supply. Based on the Company's experience, market participants active in Parallel Trading are normally not able to fulfil 100% of orders from their customers and on average far less. Nevertheless, the inability of the Company to source pharmaceutical products in sufficient quantity from its suppliers could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.5 Some of the products traded by the Group are hazardous or contain hazardous ingredients.

At Abacus Medicines' repackaging facilities hazardous pharmaceutical products, qualifying as hazardous waste, are regularly handled. Although such hazardous pharmaceutical products are not taken out of their primary packaging and employees are being trained through handling manuals for treatment of hazardous waste, it cannot be excluded that a primary packaging of a hazardous product could break due to inaccurate handling of products or waste of faulty primary packaging, and as a consequence, the whole shipment would need to be disposed of. Such incidents would also require special clean-ups of contaminated facilities, and employees could suffer bodily injuries from exposure to such hazardous pharmaceutical products. All of this could result in costs and

disruptions to the Group's operations not previously accounted for. A disruption or misuse of hazardous products or waste may also lead to a loss of suppliers and customers, making it necessary to rebuild such business relationships following a recovery of the Group's business activities. All of this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.6 The Group depend on third-party carriers for the delivery of the pharmaceutical products purchased and sold.

The Group has structured its supply chain in a way that aims at on-time delivery to optimise inventory levels. In all parts of its supply chain, the Group depends on the services of third-party carriers for the delivery of pharmaceutical products, *i.e.*, for those sourced from various European countries to the repackaging facilities (inbound logistics), for those to be subsequently transported to the warehouses and finally for those to be delivered to the Group's customers (outbound logistics). Some of the pharmaceutical products traded by the Group require special handling, *e.g.*, an unbroken cold-chain. During transport, the Company has only limited control over the timing of deliveries and the security and proper handling of the pharmaceutical products, and pharmaceutical products purchased or sold by the Group may be lost in transit, damaged or otherwise mishandled. In the past, Abacus Medicine experienced occasionally breakdowns of the cooling systems during transport, mainly in its supply chain, which in some cases resulted in the relevant pharmaceutical products not being acceptable to the Group for further processing. There is no assurance that existing insurance covers all damages potentially resulting from such situations.

The Group may also experience shipping delays for a variety of reasons (*e.g.*, due to inclement weather, strikes or fault of any third-party carrier). In case of the Group would not be able to provide replacements and adequate customer support, its customers could become dissatisfied and decide to discontinue business with the Group.

In addition, the carriers used by the Group may increase their prices, which would adversely affect the Groups profitability or make Parallel Trading uneconomical (see "*1.1.2. Parallel Trading in pharmaceutical products will be uneconomical if the price difference between the country of purchase and the country of sale does not exceed the costs of transport, repackaging and resale."*), unless the Group could add to its network other reliable third-party carriers, who would be able to make deliveries at more favourable prices.

The materialisation of any of these risks could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.7 Disruptions or failures of the Group's information technology systems or of any systems from service providers used by the Group could have a material adverse effect on its business.

The Group depends on its information technology systems for, among other things, the effectiveness of its operations, to interface with customers and maintain financial records and accuracy. In particular, the Group relies to a large degree on its proprietary software system "**Motrix**", which is used by the Company for the entire work flow along the value chain, including the evaluation of sourcing and sales opportunities in various countries based on volume potential, freight considerations and financial expectations, sourcing, matching supply and demand, order processing, as well as financial performance and efficiency management. The system is also being used for analytics of important information on product and patent expiry. The Company considers Motrix as one of its major competitive advantages. Through data analytics technology system's failures, including risks associated with upgrading or expanding systems, network disruptions and breaches of security could disrupt operations by impeding the Group's processing of transactions, its ability to protect customer or company information and indirectly its financial reporting, leading to increased costs and reputational risks. This also applies with regard to Abacus Medicine's new enterprise resource planning ("**ERP**") system, which the Company implemented in January 2019, with further roll-outs of additional functions and entities planned for 2019 and 2020. While the new ERP system is a standardised product, developed and implemented by a third-party provider, Motrix has been developed in-house and is further maintained internally. In case of any system failure of Motrix, the Group can therefore only depend on its own skills, capacities and documentation to restore its functioning and to recover any data lost.

With regard to third party developed and maintained systems, the Group is dependent on the respective third party developer and services provider with regard to any shortcomings, including any faults in the data transfer or any other malfunctions following the implementation of the new ERP system or any additional roll-outs. In the context of the Packaging Regulation to the FMD, Abacus Medicine uses software and services from two service providers in order to fulfil its requirements to create individual identifiers unique to any given pack on the packaging for its pharmaceutical products and their upload onto the European Medicines Verification System ("**EMVS**") (*i.e.*, a database operated by the European Medicines Verification Organisation (EMVO) that

provides an end-to-end verification of each single marketed pharmaceutical package of prescription pharmaceutical products and that is essential to the Group's ability to source, produce and sell pharmaceutical products).

Disruptions, security breaches or failures of the Group's information technology systems, the information technology systems of its service providers or of the EMVS system could impair Abacus Medicine's ability to effectively and timely provide products and services. Any of this could damage the Group's reputation and have a material adverse effect on the Group's business, financial condition, cash flows and results of operations. The same could apply if any of the respective computer systems, including its back-up systems, get damaged or interrupted by power outages, computer and telecommunications failures, computer viruses, internal or external security breaches, events such as fires, earthquakes, floods and/or errors by its employees.

1.2.8 Disruptions of the Group's repackaging, warehouse and logistics facilities may adversely affect the Company's business.

Abacus Medicine maintains a facility in Budapest, Hungary with GMP and GDP licences, where nearly all products purchased from suppliers (*e.g.*, wholesalers) in any of the Member States are received, quality-checked and repackaged or relabelled if needed and afterwards distributed either to the final customer or a local warehouse. Abacus Medicine also maintains a smaller additional warehouse and repackaging facility in Alkmaar, the Netherlands (with a GMP and GDP licence) and GDP facilities in the United Kingdom and Denmark as well as a GMP licenced facility in Denmark. Some warehouses are operated by external third-party logistics services providers such as in Germany (warehouse and logistic centre), who need to obtain and maintain respective GMP and/or GDP certificates, which is monitored by Abacus Medicine. A GDP certificate ensures distribution in accordance with EU quality standards while a GMP certificate ensures manufacturing (relabelling or repackaging), handling and distribution in accordance with EU quality standards. Any failure or disruption of the Group's manufacturing or logistic and distribution processes performed in or involving any of these facilities, *e.g.*, as a result of software malfunction (see "*1.2.7. Disruptions or failures of the Group's information technology systems or of any systems from service providers used by the Group could have a material adverse effect on its business.*"), fire, cool room malfunction, strikes, outage, natural disasters, acts of terrorism, vandalism or sabotage, or because of regulatory requirements or accidents involving hazardous pharmaceutical products (see "*1.2.5. Some of the products traded by the Group are hazardous or contain hazardous ingredients."*) could impair the products and the Company's ability to timely deliver its products and harm the Group's reputation. All of this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.9 Abacus Medicine is subject to constant funding and liquidity requirements. Unavailability of funding sources may adversely affect the Group's business.

Abacus Medicine requires substantial financial resources for working capital in order to finance its business operations and to meet its financial commitments. As Parallel Trading is mainly based on arbitrage and results in a relative low share of own value creation, the sourcing of pharmaceutical products requires comparatively large amounts of initial funding. Parallel Trading is thereby a very liquidity-intensive industry. In order to optimise its sourcing capabilities, Abacus Medicine may have to pay its suppliers in advance which affect the liquidity of the Group. To the extent Abacus Medicine is unable to generate a sufficiently strong cash flow from its business operations it has to draw on credit lines in order to accommodate the fluctuations that occur in day-to-day operations; the same may apply in case of any unforeseen liquidity needs. Credit facilities already form an important part of the Company's financing strategy. At March 31, 2019, the Company has overdraft facilities in place in a total amount of €32.8 million (DKK 245 million) of which €13.7 million were drawn. Also at March 31, 2019, the Company has accumulated VAT debt in Germany in a total amount of €33.4 million which will be due in August 2019; since the beginning of the fiscal year 2019, the Company made monthly VAT filings and payments and is not able to accumulate VAT debt any longer over a longer period which may lead to additional financing needs of the Group. Abacus Medicine is further using factoring as a part of the daily business where a predominant part of the receivables is sold. As of March 31, 2019, the factoring limit was DKK 475 million. If, due to market conditions or for other reasons, financing is not available or is available only on unfavourable terms, this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.10 The Group is subject to the credit risk of its suppliers and customers.

Abacus Medicine engages in numerous sales transactions with its suppliers and customers some of which are not being rated by an external rating agency. Abacous Medicine is therefore subject to the risk that one or more of these counterparties becomes insolvent or otherwise become unable to discharge their obligations to the Group. This applies all the more as the Group has to pay some of its suppliers in advance or to grant long payment terms to some of its customers in order to optimize its sourcing capabilities or its sales potential. If one of the Group's suppliers or one of the Group's customers were to experience financial difficulties or even insolvency, the Group may be unable to receive pharmaceutical products already paid for or to collect outstanding amounts payable to it, resulting in write-offs of such claims or receivables. Significant or recurring delays in receipt of goods or payments, or incidents of bad debts, could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.11 The Group may be unable to efficiently manage its inventory levels which may lead to substantial write-offs.

The value of inventories is measured at the lower of historical cost or net realisable value. Under applicable accounting policies, an inventory position must be written down when its net realisable value is lower than the historical cost. Lower net realisable values can occur in the area of pharmaceutical products especially due to quite substantial fluctuations of the market price, patent expiry, and introduction of generic products, which can substitute the product or short shelf life. Abacus Medicine uses its proprietary software system "Motrix" to, *inter alia*, manage inventory levels based on predicted demands by customers. If the Company fails to correctly anticipate the demand for its products or if the Company does not accurately anticipate the time it will take to obtain new inventory, its inventory levels may be too high or too low. If the Company underestimates demand, this may, *inter alia*, result in a loss of customers who are unsatisfied with its delivery times (see "*1.2.2. Abacus Medicine is dependent on a strong and reliable network of suppliers, and a loss of suppliers, interruptions in the availability of sufficient supply, disruptions to the supply chain or the inability of the Group to source the required amount of pharmaceutical products within a given price range could adversely affect the Group's business operations*."). However, if the Company overestimates demand, or has to experience situations where initially communicated demand is being reduced (*e.g.*, hospitals changing the methodology of treatments during a delivery term), it may experience excess inventories, incur higher costs for maintaining such inventories and, especially in case of decreased market prices, ultimately be forced to record losses for write-offs on its inventories.

In the pharmaceutical sector, different to many other industries, all parts of the distribution chain can return the products to the seller at any time against refund in full. As Abacus Medicine is classified as "manufacturer" as a result of the repackaging process, customers may return pharmaceutical products to the Group which, in turn, would not be able to pass them on to its original supplier. If Abacus Medicine would not be successful in repacking and selling any pharmaceutical products returned to it it has to write the respective part of its inventory down. The same applies, in case of expired pharmaceutical products. As Abacus Medicine has focused on pharmaceutical products in the upper end of the price range and partly also due to an industry trend towards shorter shelf life of new pharmaceutical products (which holds especially true for pharmaceutical products in the upper end of the price range), the Company may be exposed to this risk even to a greater extent than some of its competitors.

If inventory is written down (and not written back up because the grounds for the write-down subsequently cease to apply), this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.12 Covenants in the Group's debt financing could limit its financing and operational flexibility.

As of March 31, 2019, the Group had net financial liabilities of €13.7 million. The terms of the most important financing agreements of the Group limits the Group's ability to incur additional debt, create liens, dispose of material assets, or take certain corporate measures (including certain corporate restructuring activities within the Group and investments in new business areas). Moreover, the terms of a newly conducted multi-option facility agreement which the Company negotiated in the context of the envisaged initial public offering in October 2018 and entered into with Danske Bank A/S ("**Danske Bank**") on October 10, 2018 (the "**Multi-Option Facility Agreement**") provides for a termination right, *inter alia,* in the event of a change of control and if additional conditions are met. A breach by the Group of any of the covenants under this facility agreements, which is neither remedied by the Group (to the extent that this is provided for in the contracts) nor waived by the lender entitles the lender, among other things, to declare all amounts outstanding under the breached credit facility to be

immediately due and payable. The granting of waivers can increase financing costs, and a refusal of waivers and the possible occurrence of a cross default would have immediate adverse effects on the Group's liquidity.

As per December 31, 2018 and as per March 31, 2019, the solvency covenant under the Multi-Option Facility Agreement was breached as the Company did not generate the anticipated proceeds from its initial intend to conduct a public offering in October 2018. However, waivers have been granted by Danske Bank, and by way of an addendum to the Multi-Option Facility Agreement dated May 9, 2019, the solvency ratio has been reduced until June 20, 2020 to a lower level at which the Company would not have been in breach with the respective covenant as of the respective dates mentioned above. Another waiver had been granted by Danske Bank by way of a an addendum to the Multi-Option Facility Agreement dated February 6, 2019 following the Company's breach of an undertaking under the Multi-Option Facility Agreement as a result of the granting of a convertible loan to Pluripharm Groep B.V., a wholesale company domiciled in the Netherlands (see: "*1.2.14. In the event of an insolvency proceeding of Goofy-Sam Holding B.V., Abacus Medicine would incur losses as a consequence of a convertible loan granted by Abacus Medicine to the company and Abacus Medicine would – upon conversion of such loan into equity – become a shareholder whose claims would be subordinated to all other existing and future claims of creditors of Goofy-Sam Holding B.V. in the context of an insolvency scenario.* According to such addendum, the Company shall undertake not to acquire any other company or invest in shares (including by way of a capital contribution), equity, a business or undertaking without the bank's prior written consent provided that the consideration does not exceed DKK 20,000,000 (or its equivalent) in any financial year and (ii) may request to the bank to accept a conversion of the convertible loan granted to Pluripharm which Danske Bank may decline in its absolute discretion. Unless such a request has not been made the lender may terminate the Multi-Option Facility Agreement and declare all amounts due and payable.

Should the Company not be able to comply with the covenants stipulated in its current or future financing agreements or should the Company be hindered by the provisions of such agreements to enter into certain transactions or to take certain actions, this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.13 If refinancing of existing financing agreements is necessary in the future, the Group will be economically dependent on the terms that are offered at that time. The Company may also require additional financing in the future, and such financing may not be available on favourable terms, or at all, and may be dilutive to shareholders in case of equity capital transactions.

There is no assurance that Abacus Medicine will be able to refinance its current financing arrangements when they become due or to negotiate equal or more favourable terms with respect to future financing arrangements. The Company may also seek additional financing in the future for general corporate purposes and to implement its growth strategy. For example, the Company may need to increase investments in portfolio development activities and warehouse and logistic capacity or require additional funding to make selective acquisitions or to invest in collaborations or joint ventures for entering new markets.

The Company may be unable to obtain the required financing on favourable terms or at all, including accessing the capital markets when it may be necessary or beneficial to do so, which could negatively impact its flexibility to react to changing economic and business conditions. For example, during periods of volatile credit markets, lenders may fail or refuse to honour credit commitments and obligations, including but not limited to, extending credit up to the maximum amount permitted by a credit facility and otherwise accessing capital or honouring loan commitments. If lenders are unable to fund under the Company's loan commitments or if the Company is otherwise unable to borrow, it could be difficult to replace such loan commitments on similar terms, or at all. If adequate funds are not available on acceptable terms, the Company may be unable to fund growth opportunities, successfully develop or enhance products, or respond to competitive pressures. In addition, if the Company raises funds through the issuance of equity securities, its shareholders may experience the dilution of their respective ownership interests (see "*1.3.7. The issuance of additional Shares in particular without pre-emption rights may dilute all other shareholdings or may cause a decline in the market price of the Shares.*"). If the Company raises funds by issuing debt, it may subject the Company to limitations on its operations and impair its ability to pay dividends due to restrictive covenants (see "*1.3.8. Shareholders may earn a negative return or no return on their investment in the Company.*"). The materialisation of any of these events relating to future financing activities could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.14 In the event of an insolvency proceeding of Goofy-Sam Holding B.V., Abacus Medicine would incur losses as a consequence of a convertible loan granted by Abacus Medicine to the company and Abacus Medicine would – upon conversion of such loan into equity – become a shareholder whose

claims would be subordinated to all other existing and future claims of creditors of Goofy-Sam Holding B.V. in the context of an insolvency scenario.

On January 23, 2019, Abacus Medicine has entered into an agreement, governed by the laws of the Netherlands, with its wholesale customer, Pluripharm Groep B.V., based in Alkmaar, the Netherlands ("**Pluripharm**"), and Pluripharm's sole shareholder, Goofy-Sam Holding B.V. ("**Goofy-Sam**") pursuant to which the Company purchased Pluripharm's inventory (pharmaceutical products) at a purchase price of €4.7 million incl. VAT and granted a loan to Pluripharm in the amount of €650,000.00 at an interest rate of 4% per annum with a three years term and to be redeemed by February 1, 2022 (the "**Convertible Loan Agreement**"). The loan was granted in the light of a liquidity shortage at Pluripharm resulting *inter alia* from problems in the course of its recent implementation of an ERP system. The loan was granted to secure a sufficient liquidity level at Pluripharm which allows for the continuance of its core operations, and thereby protects one of Abacus Medicine's access and distribution channels to the Parallel Trading market in the Netherlands. According to the terms of the Convertible Loan Agreement, Abacus Medicine reserves the option – at any time until February 1, 2022 – to convert the loan into 70% of shares in Goofy-Sam. Upon the exercise of the conversion option, Abacus Medicine will be obligated to purchase the remaining 30% of shares in Goofy-Sam at a purchase price which shall be calculated as (1) the highest of (i) a calculated *pro rata* enterprise value of Goofy-Sam or (ii) a multiple of the enterprice value or (2) a fixed minimum price. Once converted, the purchase of the remaining shares may take place on January 1, 2023 and occurs annually for the successive two years but ultimately on January 1, 2025.

In case of an insolvency of Goofy-Sam, Abacus Medicine would incur up to a total loss of its nominal loan amount if the insolvency estate of Goofy-Sam is not sufficient to satisfy creditors.

If the loan would be converted into equity, Abacus Medicine would become the major shareholder of Goofy-Sam and as a result – and as with other merger and acquisition activities – may be exposed to legal, market or other risks associated to the target company (see "*1.2.19. The Group may not be able to consummate targeted acquisitions or assess all risks associated with future acquisitions.*").

Notwithstanding corresponding shareholder rights such as to receive dividends and exercise voting rights, Abacus Medicine's claims would be subordinated to all other existing and future claims of creditors of Goofy-Sam in the context of insolvency. Thus, payments under the Convertible Loan Agreement or dividend payments from Goofy-Sam in the case of insolvency would only be paid to Abacus Medicine after all senior ranking creditors were fully satisfied. Consequently, Abacus Medicine would incur a loss with respect to its loan and with respect to potential further cash contributions if the financial resources of the company provide grounds and if Abacus Medicines would be willing to further payments. Such losses could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.15 The Group's future results may differ materially from what is expressed or implied by the forecast of consolidated financial information included in this Prospectus, and investors should not place undue reliance on this information.

This Prospectus contains a forecast of consolidated financial information, which is the Group's profit forecast as of and for the fiscal year ending December 31, 2019 (the "**Profit Forecast**"). The Profit Forecast includes financial forecasts that qualify as profit forecasts within the meaning of Commission Regulation (EC) no. 809/2004 of April 29, 2004, as amended (the "**Prospectus Regulation**") as well as ESMA's Recommendations for the consistent application of Commission Regulation (ESMA/2011/81) for profit forecasts or estimates (the "**ESMA Recommendations**"). Under the Prospectus Regulation, an issuer is required, among other things, to disclose the principal assumptions on which the issuer bases its profit forecast and to include a report prepared by the issuer's independent auditors on such profit forecasts and assumptions. In line with the requirements of the Prospectus Regulation, the Company's independent auditors did not make any assessment as to whether the assumptions underlying the Profit Forecast are well-founded or whether such financial forecasts and projections are attainable. The Group has prepared its Profit Forecast in accordance with the Prospectus Regulation and the ESMA Recommendations and not in accordance with any other rules or requirements in the United States or elsewhere. The Profit Forecast is based upon a number of assumptions and estimates, which are subject to significant business, operational, economic and other risks. Such assumptions include factors that can be influenced by the Company to a limited extent (such as revenue achieved in its key markets, the gross profit and gross margin) as well as factors outside the Company's influence (such as foreign exchange rate movements, legislative and other regulatory measures, product shortages and global or regional economic instabilities). Further assumptions made by the Company include that the sale of the Offer Shares takes place at a certain price and that no M&A transaction (including the potential conversion of the loan in Goofy-Sam Holding B.V.) will take place in the relevant period. Any of these assumptions underlying the Profit Forecast may prove to be incorrect. In addition, unanticipated events may materially adversely affect the actual results that the Group

achieves in future periods whether or not the Group's assumptions relating to the financial year ending December 31, 2019 prove to be correct. As a result, the Group's actual results may vary materially from the Profit Forecast and investors should not place undue reliance on it.

1.2.16 The Group's existing compliance structure may not be sufficient.

The Group has established a management system for governance, risk and compliance, which includes standards of conduct, corruption prevention, information and data protection, prevention of unlawful discrimination, and protection of company property and know-how, anti-bribery to protect the Group against legal and financial risks. It cannot be excluded that the Group's system and the related management resources might not be sufficient to prevent all unauthorised practices, legal infringements, corruption and fraud, in particular in purchasing or sale practices, or other adverse consequences of non-compliance within the Group's organisation or by or on behalf of its employees. The Company may also fail to adopt to new regulatory requirements, *e.g.*, when the existing legal framework is changed or amended or following the entering of new markets where additional rules may apply (see "*1.1.1. Parallel Trading is subject to a multitude of laws and regulations on national and EU level applicable to manufacturers and distributors of pharmaceutical products that may be subject to frequent changes, and failure to adapt to and comply with such laws and regulations may adversely affect Abacus Medicine's business.*"). Any failure in compliance could result in the loss of required licences, substantial fines and harm the Group's reputation.

All of this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.17 There is no guarantee that the Group has sufficiently coped with and will be able to successfully manage potential future growth.

The expansion of the Group's business into several additional countries during 2017, 2018 and 2019 has posed, and expected future growth will continue to pose, various challenges to the Group, such as finding and/or retaining suitable personnel, including finance personnel, qualified IT personnel, implementing changes to the IT infrastructure required by regulatory changes to support operations and establishing sufficiently robust compliance procedures and recruiting appropriately skilled compliance personnel. The Group's work force management may prove insufficient for its existing business and growth plans and its existing teams may not be adequately staffed to handle an increase in the workload. Continued growth requires Abacus Medicine to simultaneously expand and improve its operational, IT, financial, accounting, compliance and management controls, and enhance its reporting systems and procedures and establish new or more refined structural processes, which may not always be possible or prove lengthy or costly, particularly in combination with external factors such as taxation considerations, local legislation, limited resources and geographic location. The Company may not be able to scale and adapt its existing technology and network infrastructure to match its growth. In addition, the Group may incur losses or fail to identify or enter new markets or new segments successfully and fail to continue to grow and reach a market leading position. Any failure by Abacus Medicine to successfully expand its operations, facilities and staff may have an adverse effect on its reputation in the public, business, results of operations or growth of its key performance indicators. A decrease of the Group's profitability may lead to a loss of customers, and significant partners of its business may decide to terminate their relationships with the Group if their expectations are not satisfied. Abacus Medicine may not be able to find replacements in due time or at all.

The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.18 Expansion into new markets or other areas of business may fail, be cost intensive and investments in future activities may not bring the intended results.

While the majority of the business activities of Abacus Medicine are currently focused on Parallel Trading, the Group has begun in recent years to diversify its business model and penetrate new product areas in addition to expanding into new countries. Under the brand "Aposave", the Group has started to develop and offer services for "Clinical Trial Services", "Managed Access Programs" and "Unlicensed Medicines". "**Clinical Trial Services**" focus on the sourcing and supply of comparator products for use in clinical trials. "**Managed Access Programs**" or "**MAP**" provide access to medicines that are still in clinical development. Both clinical trial services and managed access programs are services provided to pharmaceutical and biotech companies. "**Unlicensed Medicines**" or "**ULM**"is the sourcing and supply of newly registered US and EU origin pharmaceutical products for supply to hospitals, pharmacies and medical professionals in countries where these

medicines are either not yet licenced/registered (mainly due to longer registration periods) or in short supply. In the three-month period ended March 31, 2019, the Group generated net revenue of €1.8 million from activities in these areas. Abacus Medicine is also examining further market opportunities and new business ideas, in particular any that can be exploited through the Group's existing supplier network and customer base.

Some of the new countries in which the Group is or will be active in Parallel Trading, are unexploited markets with regard to this type of business. Some of them, including France, have not favoured Parallel Trading historically and have therefore little history or are even untested in at least some aspects thereof. In others, including Belgium, the Company supposes that politicians substantially exert influence. The Group's activities in such new countries may take longer to reach expected sales and profit levels on a consistent basis. They are also likely, at least initially, to be less profitable on average than the activities in the countries or areas where the Group has been active for a longer period.

Additionally, new markets (in particular when it comes to trading with Unlicensed Medicine and supply of comparator drugs for clinical studies) may have economic, competitive or political conditions that are more difficult to predict or satisfy than in the markets where the Group currently operates. They may also present challenges of unfamiliar legal frameworks and language differences. The Company may need to make greater investments than originally planned in new markets to build up a customer base. All of this can also require management capacity to a greater extent than planned, which is then not available for other business activities and can result in other activities suffering.

The success of both Managed Access Programs and Clinical Trial Services is dependent on building relationships and contracting business with pharmaceutical and biotech companies, which is a new and unproven area of activity for Group. Greater time, effort and resource than expected maybe required without the guarantee of success.

For any of these reasons, the choice of new target markets or areas of business might prove to be economically disadvantageous, and the Company might fail to achieve the benefits expected from the expansion or diversification of its business. Any failure to penetrate new markets or areas of business may materially harm the Group's ability to increase its revenue and profitability and may have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.19 The Group may not be able to consummate targeted acquisitions or assess all risks associated with future acquisitions.

The success of any acquisitions that the Group may seek to undertake, on a selective basis, depends upon its ability to identify suitable acquisition targets, conduct appropriate due diligence, negotiate transactions on favourable terms and ultimately complete such transactions and integrate the acquired business into the Group. It cannot be guaranteed that negotiations with attractive targets will lead to acquisitions. Furthermore, there can be no assurance that the Group will be able to successfully integrate the business of any such target in a timely manner or at all. Certain of the Group's competitors may pursue similar acquisition targets and strategies, and they may have greater financial resources available for investments than the Group or may be able to consummate acquisitions on less favourable terms than the Group could accept, thereby preventing the Group from acquiring the businesses that it targets and reducing the number of potential acquisition targets.

In addition, the Group's analysis of an acquisition target inevitably includes and will inevitably include assessments, which are subject to certain assumptions concerning profitability, growth, quality of operations of the acquisition targets, interest rates, realisable synergies and company valuations. There can be no assurance that the Group's assessments of, and assumptions regarding, acquisition targets proves or will prove to be correct, and actual developments may significantly differ from its expectations. Moreover, acquisition targets may be subject to risks or problems that the Group may not be aware of, it may not detect or have not been disclosed to it in the due diligence process. Moreover, the Group may learn about such risks or problems only after consummation of the acquisitions, in particular with respect to unknown contingent liabilities, legal matters, business conflicts and issues relating to compliance with applicable laws and regulations. If the Group fails to successfully identify and assess risks related to acquisitions, it may be exposed to legal, market or other risks related to companies that it acquires, which could, individually or in the aggregate, have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.20 The international scope of the Group's operations and corporate and financing structure may expose it to potentially adverse tax consequences; including financial risks and fines resulting from any mistakes in monitoring, controlling and complying with the various VAT regimes.

As a result of the Group's international operations, it is subject to tax laws in several jurisdictions. It is, in turn, also subject to transfer pricing laws, including those relating to the flow of funds among Group companies pursuant to, for example, purchase agreements or other arrangements, and with respect to a relocation of functions or transfer of business. As a consequence of a relocation of functions, an additional tax burden may arise due to a taxation of deemed proceeds from a hypothetical sale at arm's length. For example, the tax authorities could take the view that the performance of a specific activity should be (or should be in the future) considered as a relocation of business assets and functions. Adverse developments in these laws or regulations, or any change in position by the relevant authority regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could adversely affect the Group's business, financial condition, results of operations and prospects.

In addition, the Group's companies enter into many transactions and calculations in the ordinary course of business where the ultimate tax determination is uncertain. The application of various domestic and international sales, use, occupancy, value added and other tax laws, rules and regulations is subject to interpretation by the applicable taxing authorities. The Group relies on generally available interpretations of tax laws and regulations in the jurisdictions in which it operates. However, there can be no assurance that these interpretations are accurate or that the responsible taxing authority will agree with the Group's understanding or interpretation of such tax laws and regulations. If the tax laws, rules and regulations are amended, if new adverse laws, rules or regulations are adopted, or if current laws are interpreted adversely to the Group's interests, the results could increase the Group's tax payments (prospectively or retrospectively) and/or subject it to penalties. As a result, these changes could decrease the Group's capital available to operate its businesses and have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

Abacus Medicine conducts its business in a number of different countries and is required to apply different VAT rates and VAT numbers depending on the countries involved. The Group's IT systems are designed to calculate applicable VAT for each order automatically. To ensure that VAT is properly assessed, individuals from the Group's accounting department regularly check whether VAT is correctly calculated by the IT systems. However, any mistake made by, or malfunction or failure of, the VAT calculation function of the Group's IT systems or any failure by the Group in monitoring these systems may expose the Company to payment obligations vis-à-vis the tax authorities, as well as to repayment claims from its customers and fines. The Group has been and regularly is the subject of tax audits in Hungary related to VAT matters. Even though none of the audits have led to material tax or other charges against Abacus Medicine, there can be no assurance that the Group will always be able to present proper documentation in this regard. The occurrence of any of the abovementioned events could therefore have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.21 The Group's tax burden could increase as a result of future tax audits.

The Group has operations in Germany, Denmark, Hungary, the Netherlands, the United Kingdom and Austria with further subsidiaries in other jurisdictions, such as Finland, France, Belgium and Ireland. From time to time, the Group is or expects to be subject to routine tax audits by local tax authorities in the countries in which it operates. Future tax audits may result in additional tax and interest payments, which would negatively affect the Group's financial condition and results of operation. In addition, tax authorities may, to some extent, not accept the deductibility of interest payments, claiming among other aspects, that limitation under interest ceiling rules or transfer pricing rules apply. In such event, the Group may face additional tax payments becoming due in tax audits or in the process of tax assessments.

Abacus Medicine has been informed by the German tax authorities about an upcoming tax audit in Germany for the fiscal years 2017 and 2018 which is expected by the Company to start in autumn 2019. Abacus Medicine has frequently been subject to tax audits in various countries, mainly in Hungary. There have been no assessments of the relevant tax auditors with material relevance to the Group's tax position, but there can be no assurance that the results of the tax audits will not negatively impact the Group's tax position in the future.

Any additional tax payments resulting from such tax audits could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations. In addition, changes in fiscal regulations or the interpretation of tax laws by the courts or the tax authorities (including the courts or the tax authorities in the foreign jurisdictions in which the Group conducts its business) may also have a material adverse effect on its business.

1.2.22 Abacus Medicine may be exposed to litigation risks regarding the repackaging of specific pharmaceutical products which may impede the further distribution of such products and lead to additional costs; Abacus Medicine may also be subject to risks from future legal, administrative and arbitration proceedings for other reasons.

Companies active in Parallel Trading are regularly faced with lawsuits from original marketing authorisation holders or manufacturers of pharmaceutical products, who object to the repackaging or marketing of a specific product, for example on the basis of the trademark rights of the original marketing authorisation holders or manufacturers. Sometimes, this may be part of a strategy from original marketing authorisation holders or manufacturers to limit the efforts of Parallel Trading (see also "*1.1.3. Original marketing authorisation holders or manufacturers of pharmaceutical products may try to limit the efforts of Parallel Trading.*"). So far, Abacus Medicine has been involved in some disputes in this regard. Following changes in the existing legal framework due to the FMD, the number of disputes has recently increased. Even though all previous disputes have been reasonably settled by the Group and Abacus Medicine believes not to be dependent on any single pharmaceutical product repacked or relabelled and distributed by it, there can be no assurance that any future disputes may not result in costly law suits and impede the Group's ability to sell and distribute the respective products. These and other matters incidental to the Group's business could result in the Company becoming involved in additional legal, administrative and arbitration proceedings in the future. These proceedings or potential proceedings could involve claims for damages in substantial amounts or other payments. Based on a judgment or a settlement agreement, the Group could be obligated to pay substantial damages and contractual penalties. In addition, such judgments or settlement agreements could lead to injunctions against the Group or one of its subsidiaries, which may result in significant restriction and disruption to the Group's business operations and lost sales revenue. Litigation costs and those of third parties could also be significant. If any of these factors materialise, it could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.23 Changes in interest rates may adversely affect the Group's earnings.

The Group is exposed to interest rate risks with regard to its factoring agreement with AL Finans A/S and its multi-option facility agreement with Danske Bank. The factoring agreement was entered into with AL Finans A/S on August 31, 2017 with a facility of DKK 425 million (€57.1 million), which was increased by DKK 100 million to DKK 525 million on October 1, 2018, becoming gradually effective from November 1, 2018 with an increase by DKK 25 million per quarter so the full increase is effective from July 1, 2019. The multi-option facility agreement with Danske Bank, which is a revolving credit facility, has a maximum drawable amount of €32.8 million. Both agreements have a floating interest rate with reference to Copenhagen Interbank Offered Rate ("**CIBOR**"). While the Company would profit from falling interest rates, increasing interest rates would result in higher financing costs. The occurrence of one or more of the foregoing risks could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.24 The Group is exposed to currency risks associated with changes in currency exchange rates, and its hedging strategy could fail.

In the three-month period ended March 31, 2019, the Group sourced its Parallel Trade products in 28 countries and sold them directly into 12 countries. Even though many of these countries belong to the Euro zone, the Group is exposed to currency fluctuations when it converts currencies that it receives, *e.g.*, for sales of products, into currencies in which it is required to pay obligations, *e.g.*, under financing arrangements, purchase contracts for pharmaceutical products, to meet its fixed costs or to pay for services, which could result in a gain or loss depending on fluctuations in exchange rates. Certain of the Group's revenue and costs are invoiced in currencies other than the euro, especially SEK, DKK, NOK and GBP, while the Group's financial statements are reported in euro. Since income and expenses in those foreign currencies rarely match each other during a specific period, changes in the value of those foreign currencies, some of which have been very volatile in the past, relative to each other and to the euro expose Abacus Medicine to two types of foreign currency risks: If the value of the euro declines against currencies in which the Group's obligations are denominated or increases against currencies in which its sales are denominated, its results of operations and financial condition could be materially adversely affected (transaction risk). Furthermore, the Group is exposed to transaction effects when one of its subsidiaries incurs costs or generates revenue in a currency different from its functional currency, which may lead to negative results as part of the consolidation (translation risk). Even though the Group aims at hedging at least significant commercial currency risks via foreign exchange contracts, it does not hedge all currency risks it may be exposed to, in particular not translation risks. Furthermore, it is impossible to fully hedge exchange rate exposures. There can also be no certainty that the Group will be able to enter into hedging arrangements on commercially reasonable terms, or that its overall hedging strategy will be successful in the future.

Changes in exchange rates due to the appreciation of currencies in countries in which the Group sources some of the pharmaceutical products could also make trading in those products uneconomical (see "*1.1.2. Parallel Trading in pharmaceutical products will be uneconomical if the price difference between the country of purchase and the country of sale does not exceed the costs of transport, repackaging and resale.*").

Insofar one of the abovementioned currency risks should materialise and not be hedged this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.25 The Group's insurance coverage may be inadequate, may increase in cost and may not cover certain risks or unexpected events.

The Group maintains insurance coverage for a number of risks, including liability, property damage and business interruption. There is no guarantee that the Group's insurance policies will adequately cover these and other risks it may face, and the Group may incur losses that are not covered by existing policies or that exceed the coverage level stipulated in the relevant insurance contracts. Some risks cannot be insured, and for certain risks and in certain countries, insurance may not be available to cover all risks or may be available only at costs that are not economically viable. In addition, following a significant insurance claim or a history of claims, insurance premiums may increase or the terms and conditions of insurance coverage may become less favourable. This may also occur due to a general change in the insurance markets. There is no guarantee that the Group will be able to continue to obtain sufficient levels of insurance on economically viable terms. The materialisation of any of the risks described above could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.26 The Group depends on its members of management and may not be able to attract and retain key and highly qualified personnel.

The Group's innovative strength and future success depends in significant part on the continued service of the Company's board of directors (the "**Board of Directors**") and other key personnel, including the Company's co-founder and chief executive officer Flemming Wagner as well as other key employees with extensive know how in pharmaceutical products, regulatory and Parallel Trading as well as managerial and organisational expertise. The loss of the services of one or more members of the Board of Directors or other key personnel could have a material adverse effect on the Group's business, prospects, financial condition and results of operation. The Group's success also depends on its continuing ability to attract, develop and retain highly qualified personnel, including quality assurance personnel, regulatory personnel, analytic personnel and IT administrators with the requisite pharmaceutical and regulatory background, business analytical or IT skills and warehouse and production staff for activities in production and warehousing, especially in light of its plans for continued growth. There is considerable competition in the labour market for such qualified executives and staff due to the particular complexity of requirements for the Groups business model, particularly in Denmark where the Group has its headquarters, but also in Hungary where it maintains its central repackaging facility, and the limited number of qualified people. The Group might not able to continue to recruit and retain highly qualified management and sufficient numbers of skilled staff. If employees are recruited away from the Group by its competitors, those employees likely will make use of their professional know-how acquired at the Group, and recruiting and training new staff might result in delays or additional costs and competitive disadvantages. This could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations.

1.2.27 The Company may be adversely affected by the transition to being a public company.

The Company's transition to being a public company will involve changes in its ownership structure, corporate governance, management culture and financial and non-financial reporting practices as well as the implementation of an internal compliance framework and function. When it becomes a public company listed on the Regulated Market of the Frankfurt Stock Exchange (*Prime Standard*), the Company will operate in an environment that subjects it to greater scrutiny and more detailed financial and non-financial disclosure requirements. In particular, this related to the finance (including planning, accounting and controlling) department, especially taking into account the new reporting obligations under IFRS (including the obligation to issue quarterly reports) as well as being subject to increased regulatory obligations and need to provide, on its own or with the support of third parties, certain services in legal, strategic, finance, accounting and reporting functions, among other, that were not required on the same level of detail or not at all in the past.

The Company's management team has only limited experience in managing a publicly-traded company and complying with increasingly complex laws pertaining to public companies. Compliance with increased

regulatory obligations and the assumption of such services and functions within the Group will require significant management attention and result in increased costs which may be significantly higher than currently anticipated. The Company's failure to successfully adapt its management approach and internal functions to its new public-company status, as well as the increased demand on financial and management resources that will result from being a public company, could result in sanctions imposed by regulatory authorities, including a termination of the trading of the shares, or otherwise materially harm its business, results of operations, financial condition and prospects, or standing in the public. All of this this could have a material adverse effect on the Group's business, financial condition, cash flows and results of operations and the share price of the Company.

1.3 Risks related to the shareholder structure, the Offering and Listing

1.3.1 Following the Offering, the Significant Shareholder will continue to be a large shareholder and may control or otherwise influence important actions the Group takes, and its interest may conflict with those of the other shareholders of the Company.

Wagner Family Holding ApS, Copenhagen, Denmark (the "**Significant Shareholder**"), which is indirectly majority owned and ultimately controlled by Flemming Wagner, member of the Board of Directors (Chief Executive Officer) of the Company, currently holds 91.63% of the Shares of, and voting rights in the Company and will upon completion of this initial public offering (the "**Offering**") own 5,629,066 Shares, corresponding to more than 51.01% of the Company's share capital and voting rights, assuming full exercise of a purchase option granted in connection with a possible over-allotment (the "**Greenshoe Option**"), and 6,274,996 Shares, corresponding to 56.86% of the Company's share capital and voting rights, assuming no exercise of the Greenshoe Option. The Significant Shareholder will continue to hold more than 50.00% of the voting rights and the share capital represented at the Company's general meeting following completion of the Offering and thereby have a controlling influence over decisions requiring a simple majority of the voting rights and the share capital represented at the general meeting. Also, depending on general attendance at, or voting in writing prior to, the general meeting, the Significant Shareholder may also hold two-thirds or more of the voting rights and the share capital represented at the general meeting and thereby have a controlling influence over decisions requiring a two-thirds majority, including the amendment of the Articles of Association, an increase or decrease of the share capital, decisions on mergers and demergers etc.

Accordingly, the Significant Shareholder will be able to influence the direction of the Group's operations and other affairs through representation on the Board of Directors. This concentration of share ownership could have the effect of delaying, postponing or preventing a change of control in the Company, and impact mergers, consolidations, acquisitions or other forms of combinations, which may or may not be desired by other shareholders. No assurances can be given that the interests of the Significant Shareholder or the investors who directly or indirectly control the Significant Shareholder will not differ from the interests of other shareholders with respect to such voting decisions. The Significant Shareholder's share in the Company may also have some influence on the development of the price at which the Company's shares will be traded on the stock exchange after this Offering (see "*1.3.3. The Shares have not previously been publicly listed, and there is no guarantee that an active and liquid market for the Shares will develop. The free float may remain limited for the foreseeable future.*").

1.3.2 Future sales of Shares after the Offering may cause a decline in the market price of the Shares.

If the Significant Shareholder, or one or more other shareholders of the Company owning a substantial stake in the Shares at the respective time, sell a substantial number of the Shares they hold, directly and indirectly, following completion of the Offering, or a consensus is formed in the market that such a sale was imminent, whether such consensus is accurate or not, the share price may decline. While the Shares that are, directly and indirectly, held by the Significant Shareholder are subject to lock-up commitments, such arrangements are only contractual obligations and are only binding for the agreed lock-up period of 180 days and provide for certain exceptions. If such arrangements among the parties are amended or waived, shareholders will not have any right of action against the parties. A sale of the Shares before the expiration of the lock-up period therefore cannot be ruled out. The Significant Shareholder's proposed or perceived sale of Shares in the future may significantly depress the share price, particularly at the point in time when the lock-up arrangement expires. In addition, the Company could offer to sell new Shares in public or private transactions, which may also have a negative impact on the share price (see "*1.3.7. The issuance of additional Shares in particular without pre-emption rights may dilute all other shareholdings or may cause a decline in the market price of the Shares.*").

1.3.3 The Shares have not previously been publicly listed, and there is no guarantee that an active and liquid market for the Shares will develop. The free float may remain limited for the foreseeable future.

The final price per share (the "**Offer Price**" for the shares offered in the Offering (the "**Offer Shares**")) and the final number of Offer Shares will be determined by way of a bookbuilding process, and will be set by the Company after consultation with Wagner Family Holding ApS, Lars Jenster, Visicata ApS (which is solely owned and controlled by Lars Jenster) and L. Conradsen Holding ApS (the "**Selling Shareholders**") and Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany ("**Berenberg**" or the "**Underwriter**"). There is no guarantee that this Offer Price will correspond to the price at which the Company's shares will be traded on the stock exchange after this Offering. Furthermore, there was no public market for the Shares, and an active and liquid trading market may not develop or be sustained after the Offering. If an active and liquid trading market does not develop or is not sustained, the liquidity and trading price of the Shares could be materially and adversely affected and investors may have difficulty selling their Shares at or above the Offer Price or at all.

The price at which the Company's shares will be traded on the stock exchange after this Offering may also be affected by the Significant Shareholder's shareholding following the completion of the Offering. If the Significant Shareholder continues to hold on to its Shares, this may affect the liquidity of the Shares, may impair the ability of investors to sell their Shares at the times or volumes they may wish to do so and may increase the volatility of the price of the Shares. In addition, the Significant Shareholder's share ownership may adversely affect the trading price of the Shares because investors often perceive disadvantages in owning shares in companies with a significant shareholder.

1.3.4 The market price and trading volume of the Shares may fluctuate significantly and could decline upon completion of the Offering, and investors could lose some or all of their investment.

The share price is determined by the supply of and demand for the Shares and may not necessarily reflect the fair value of the Company. The trading volume and price of the Shares may fluctuate significantly. Some of the factors that could negatively affect the share price or result in fluctuations in the price or trading volume of the Shares include, for example, *ad hoc* developments, changes in profit estimates, changes in account principles, fluctuations in the Company's actual or projected operating results, changes in the Company's projected net sales, variations in quarterly results, failure to meet securities analysts' expectations, the contents of published research reports about the Company or the industry segments or securities analysts failing or ceasing to cover the Company following the Offering, actions by institutional shareholders and general market conditions or special factors influencing companies in the industry in general (including changes in the regulatory environment), or strategic actions by or other developments regarding the Company's competitors. Fluctuations in the equity markets in general or in the market prices of peer group companies could also cause the share price to decline, though such general fluctuations may not necessarily have any particular basis in the Group's business or prospects. There is no assurance that the price at which the Shares will be traded following the Offering will be equivalent to or above the Offer Price. If the share price declines or trading activity is low, investors may be unable to resell their Shares at or above their purchase price or may even be unable to resell some or all of their Shares at all.

1.3.5 The Company will have broad discretion in how it uses the net proceeds from the Offering and if the Company fails to use them effectively the price of the Company's Shares may decline.

The board of the Company will have broad discretion in its use of the net proceeds of the Offering resulting from the issuance of the new shares as part of the Offering (the "**New Shares**"). The Company currently intends to use the net proceeds from the sale of the New Shares to finance the further growth and development of its business, including organic and inorganic growth and to improve the Group's liquidity. However, these plans may change and the Company's management could fail to use these proceeds as anticipated. Any failure to use the net proceeds from the offering of the New Shares effectively may result in financial losses that could have a material adverse effect on the Company's business, financial condition, cash flows and results of operations.

1.3.6 The Offering might not take place, and investors could lose security commissions already paid and bear the risk of not covering any short sales of the Shares; in case of a termination following settlement of the Offer Shares, the IPO Capital Increase may not be implemented.

The underwriting agreement provides that the Underwriter may terminate the underwriting agreement under certain circumstances (*e.g.*, if there has been any material change or development reasonably likely to result in a material change to the share capital of the Company or in the long-term debt of the Group), even after the

commencement of trading (*Handelsaufnahme*) of the Shares on Frankfurt Stock Exchange. In case of a termination prior to settlement of the Offer Shares, any allotments of Offered Shares to investors, which were not yet settled, will be invalidated, and investors will not have any claim to a delivery of those Offered Shares. Any claims in respect of security commissions and costs incurred in connection with the subscription by an investor will be based solely on the legal relationship between the investors and the institution to which they submitted their purchase orders. Investors who have made short sales bear the risk that they will not be able to satisfy their obligations to deliver the Shares. In case of a termation following the settlement of the Offer Shares, the IPO Capital Increase may not be implemented and the Company may not receive the respective issue proceeds and, therefore, not be able to implement its business strategy and the intended business growth.

1.3.7 The issuance of additional Shares in particular without pre-emption rights may dilute all other shareholdings or may cause a decline in the market price of the Shares.

The Company may seek to raise financing to fund future acquisitions and other (internal or external) growth opportunities, invest in its business, or for general corporate purposes. The Company may, for these and other purposes, such as in connection with share incentive and share option plans, issue additional equity or convertible equity securities with or without pre-emption rights. As a result of any capital increase without pre-emption rights, the Company's existing shareholders may suffer dilution in their percentage ownership and economic position. This can also negatively affect the market price of the Shares. The same applies if there is the public perception that an offering may occur. Even if subscription rights are granted, shareholders will also suffer a dilution if they do not have the funds necessary to subscribe for new securities within the subscription period. Open market purchases to counteract any such dilution could be on terms less favourable than those offered to other shareholders in connection with such a capital increase.

1.3.8 Shareholders may earn a negative return or no return on their investment in the Company.

The Company plans to significantly grow in the future and does currently not intend to pay dividends to its shareholders for the foreseeable future. In addition, the Company's ability to pay dividends will depend, among other things, on its financial performance, the availability of distributable profits and reserves and cash available for this purpose, and such other factors as the Board of Directors may deem relevant as well as other legal requirements. As far as business is conducted through direct or indirect subsidiaries, the Company's ability to pay dividends in the future is also affected by a number of factors, principally the operating results of the respective subsidiaries and their ability to make distributions under applicable law. The payment of dividends by subsidiaries may become subject to further restrictions, including restrictions in debt financing arrangements the Company may enter into in the future. These factors and restrictions could limit or prohibit the payment of dividends to the Company by its subsidiaries, which would, in turn, restrict the Company's ability to pay dividends to shareholders. There can be no assurances that the Company's or its subsidiaries' performance will allow the Company to pay dividends consistent with its dividend policy. In particular, the ability to pay dividends may be impaired if any of the risks described in this chapter "*1. Risk Factors*" were to occur. Furthermore, the dividend policy may be subject to changes as the Executive Management may reconsider and amend the dividend policy from time to time. Also depending on the development of the share price, investors may earn a negative return or no return in their investment in the Company.

1.3.9 Differences in exchange rates may materially adversely affect the value of shareholdings or dividends paid.

The Shares will be denominated in Euro ("**EUR**"), and any dividends will be paid in Euro. An investment in the Shares by an investor whose principal currency is not the Euro exposes the investor to foreign currency exchange rate risk. Any depreciation of the Euro in relation to an investor's principal currency such as the Danish kroner ("**DKK**") will reduce the investor's value of the investment in the Shares or any dividends in relation to such currency. As the exchange rate of DKK per EUR is regulated by the exchange rate mechanism under which Denmark generally allows fluctuations of the exchange rate only within a 2.25% band around exchange rate of DKK 7.46 per EUR as initially set, the risk of a reduction of the investor's value of the investment in the Shares or any dividends exists mainly for investors outside of Denmark and outside the euro zone, but no assurance can be given that the risk will not materialise with regard to euro zone countries.

1.3.10 Shareholders in certain non-Danish jurisdictions may not be able to participate in future equity offerings.

Under Danish law, the shareholders in a Danish public limited company generally have pre-emption rights relating to any shares issued in a capital increase, or convertible bonds with warrants in each case issued against cash payment, in proportion to their shareholding, subject to certain exceptions which allow for an exclusion of pre-emptive rights. Due to restrictions in other jurisdictions, including the United States, shareholders outside of Denmark may be prohibited, under applicable law, or excluded under the terms of the capital measure, from participating in future capital measures or such participation may be practically difficult. In particular, shareholders in the United States or in certain other jurisdictions may not be entitled to exercise their pre-emption rights unless either the rights and the respective securities are registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the rights and the respective securities are offered pursuant to an exemption from, or transaction not subject to, the registration requirements of the Securities Act, or equivalent local securities laws. The Company cannot assure prospective investors that any exemption from such overseas securities law requirements would be available to enable shareholders in the United States or certain other jurisdictions to exercise their pre-emption rights or, if available, that the Company will utilise any such exemption, *e.g.*, for reasons of related costs, resource consumption or transaction complexity. In such cases, shareholders resident in such non-Danish jurisdictions may not participate in the respective offering and may therefore experience a dilution of their shareholding, possibly without such dilution being offset by any compensation received in exchange for their pre-emption rights.

1.3.11 Investors' rights as shareholders will be governed by Danish law and differ in some respects from the rights of shareholders under the laws of other countries.

As a listed public company, the Company will be organised under the laws of Denmark. The rights of holders of the Shares will be governed by the articles of association and by Danish law. These rights may differ in some respects from the rights of shareholders in corporations organised outside Denmark. In addition, it may be difficult for investors to prevail in a claim against the Company under, or to enforce liabilities predicated upon, the securities laws of jurisdictions outside Denmark.

1.3.12 The Offer Price per share will exceed the net book value per share of the Company's equity.

The Offer Price per share paid by an investor when acquiring the Offer Shares will exceed the net book value of the equity shown in the statement of financial position attributable to one Share. The Offer Price, therefore, implies an equity value which is higher than the equity recognised in the statement of financial position. There is no guarantee that this higher enterprise value can actually be realised in future sales of Shares in the Company.

1.3.13 The Offering may not be implemented in full which may negatively affect the growth prospects of the Company and/or the liquidity of the shares in the market.

This Offering relates to 4,952,133 ordinary registered shares consisting of 3,586,207 Share Loan Shares, 719,996 existing shares from the holdings of the Selling Shareholders (the "**Secondary Shares**") and 645,930 existing ordinary shares from the holdings of an existing shareholder (the "**Greenshoe Shareholder**") in connection with a possible over-allotment, with the total number of such shares not exceeding 15% of the final number of new ordinary shares and existing shares placed in the offering. Thus, in case all of the 4,952,133 Offer Shares are allotted to investors, including all shares from the Greenshoe Shareholder in case of a full exercise of the Greenshoe Option, the Company's free float will amount to approximately 44.9% of its total share capital. However, the actual number of the Offer Shares that will be allotted to investors, *i.e.*, the placement volume, will be jointly determined by the Company and the Underwriter based on the orders received using the order book prepared during the bookbuilding process, and will also depend on the offer price and certain allotment criteria. There is no guarantee that all of the Offer Shares will eventually be placed with investors. If the amount of the Share Loan Shares placed with investors is significantly lower, resulting in lower net proceeds than envisaged, the Company may not be able to fund certain of the investments for which it intends to use the proceeds from this Offering in full or at all which may affect the Company's growth strategy. In addition, if the overall placement volume is significantly lower than the number of the Offer Shares which form the subject matter of the Offering, the free float will be significantly lower than the percentage stated above, which may have a material adverse effect on the tradability of the shares and on the shareholder structure of the Company.

The materialisation of any of the above risks could have a material adverse effect on the value of the shares of the Company.

2. GENERAL INFORMATION

2.1 Notice to investors

ABACUS MEDICINE A/S, a public limited company (in Danish: aktieselskab) incorporated in Denmark ("Denmark") and governed by the laws of Denmark, registered with the Danish Business Authority under CVR no. DK 28 11 15 76, with its registered office at Vesterbrogade 149, 1620 Copenhagen V, Denmark (the "**Company**" or the "Issuer" and, together with its fully consolidated subsidiaries at the time, the "**Group**" or "**Abacus Medicine**"), has prepared this securities prospectus (the "**Prospectus**") under Danish law in compliance with the requirements set out in the Consolidated Act no. 459 of April 24, 2019 on Capital Markets, as amended (the "**Danish Capital Markets Act**"), the Executive Order no. 1170 of September 25, 2018 on prospectuses, as amended (the "**Danish Executive Order on Prospectuses**"), as well as Commission Regulation (EC) no. 809/2004 of April 29, 2004, as amended (the "**Prospectus Regulation**").

The information in this Prospectus will not be updated subsequent to the date hereof except for any significant new event or significant error or inaccuracy relating to the information contained in this Prospectus that may affect an assessment of the securities and occurs or comes to light following the approval of this Prospectus but before the completion of the public offering or admission of the securities to trading, whichever is later. These updates must be disclosed in a Prospectus supplement in accordance with the Danish Executive Order on Prospectuses.

If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the "**EEA**").

2.2 Subject of this Prospectus

This Prospectus relates to the offering of 4,952,133 ordinary shares of the Issuer, consisting of:

- 3,586,207 existing ordinary shares from the holdings of Wagner Family Holding ApS (the "**Lending Shareholder**") to be made available to the Underwriter by way of a share loan for the purpose of placing such Shares in the Offering (the "**Share Loan Shares**"); to the extent Share Loan Shares will be placed in the offering the share loan will be returned by way of delivery by the Underwriter to the Lending Shareholder of a corresponding number of new ordinary shares to be issued through a capital increase against contribution in cash (the "**IPO Capital Increase**") to be resolved by the Board of Directors on or about May 22, 2019, pursuant to an authorisation to the Board of Directors resolved by the annual general meeting of the shareholders of the Issuer held on May 2, 2019 (the "**New Shares**");
- 719,996 existing ordinary shares from the holdings of certain existing shareholders of the Company, namely 551,663 Shares from Wagner Family Holding ApS, 26,429 Shares from Lars Jenster, 106,428 Shares from Visicata ApS (which is solely owned and controlled by Lars Jenster) and 35,476 Shares from L. Conradsen Holding ApS (the "**Selling Shareholders**") (the "**Secondary Shares**"); and
- 645,930 existing ordinary shares from the holdings of Wagner Family Holding ApS (the "**Greenshoe Shareholder**") in connection with a possible over-allotment (the "**Over-Allotment Shares**", and together with the Share Loan Shares and the Secondary Shares, the "**Offer Shares**"), with the total number of Over-Allotment Shares not exceeding 15% of the final number of New Shares and Secondary Shares placed in the Offering;

each such share with a €0.05 nominal value and entitled to receive dividends (the "**Offering**").

This Prospectus relates to the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (*Prime Standard*) of:

- up to 3,586,207 newly issued ordinary shares to be issued through the IPO Capital Increase; and
- 7,450,000 ordinary shares (the Issuer's entire share capital prior to the IPO Capital Increase);

each such share with a €0.05 nominal value and entitled to receive dividends (the "**Listing**").

The Offering consists of an initial public offering ("**IPO**") in the Federal Republic of Germany ("**Germany**") and private placements in certain jurisdictions outside Germany. The Offer Shares will be offered and sold only in offshore transactions in compliance with Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**").

2.3 Consent regarding the subsequent use of the Prospectus

Consent by the Issuer regarding the use of this Prospectus for a subsequent resale or final placement of the Issuer's shares by financial intermediaries has not been granted.

2.4 Documents available for inspection

For the period during which this Prospectus is valid, the following documents will be available for inspection during regular business hours at the Issuer's offices at Vesterbrogade 149, 1620 Copenhagen V, Denmark (tel. +45 70 22 02 12):

- the Issuer's memorandum of association;
- the Issuer's current articles of association (the "**Articles of Association**");
- the Issuer's reviewed consolidated condensed interim financial statements prepared in accordance with the International Accounting Standard 34 on "Interim Financial Reporting" (IAS 34) as adopted by the European Union as of and for the three-month period ended March 31, 2019 including comparative figures as of and for the period ended March 31, 2018;
- the Issuer's audited consolidated financial statements prepared in accordance with IFRS as of and for the fiscal year ended December 31, 2018 including comparative figures as of and for the fiscal year ended December 31, 2017;
- the Issuer's audited consolidated financial statements prepared in accordance with IFRS as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015;
- the audited financial statements of the Company's significant subsidiaries, Abacus Medicine Hungary Kft. and Abacus Medicine Berlin GmbH, as of and for the fiscal year ended December 31, 2018 including comparative figures as of and for the fiscal year ended December 31, 2017;
- the Issuer's consolidated profit forecast for the fiscal year ending December 31, 2019 ("**Profit Forecast**") and the report from the Company's independent auditor (Ernst & Young Godkendt Revisionspartnerselskab) regarding the consolidated profi forecast for the fiscal year ending December 31, 2019, dated May 22, 2019 for this Profit Forecast; and
- a management report prepared by QVARTZ P/S, Ryesgade 3A, DK-2200 Copenhagen N, Denmark, dated August 8, 2018 which is based *inter alia* on data, and information obtained from IQVIA (formerly known as "Quintiles IMS Holdings, Inc.") ("**QVARTZ**").

The Articles of Association, the abovementioned consolidated financial statements of the Issuer and the Profit Forecast (together with the related certificate of Ernst & Young Godkendt Revisionspartnerselskab) are also available on the Issuer's website (www.abacusmedicine.com) under the Investor Relations section.

The Issuer's future consolidated and unconsolidated financial statements will be available on the Issuer's website.

2.5 Information incorporated by reference

Information on the Issuer's website (www.abacusmedicine.com) and information accessible via the Issuer's website is neither part of nor incorporated by reference into this Prospectus, nor is any other information incorporated by reference into this Prospectus.

2.6 Forward-looking statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on the Issuer's future earnings capacity, plans and expectations regarding the Issuer's business growth and profitability, and the general economic conditions to which the Issuer is exposed. The words "intends", "plans", "predicts", "projects", "forecasts", "targets", "will" or "expects" may be an indication of forward-looking statements.

The forward-looking statements in this Prospectus are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Issuer's present knowledge. These

forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Issuer's actual results, including the financial condition and profitability of the Group, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several chapters in this Prospectus, particularly in the sections entitled "*1. Risk Factors*", "*9. Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*12. Business*", "*13. Markets and Competition", and* "*23. Recent Developments and Outlook*", and wherever information is contained in this Prospectus regarding the Issuer's intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, investments and capital expenditure requirements, expectations as to future growth in demand for the Issuer's products and services as well as the economic and regulatory environment to which the Issuer is subject. This also applies, in particular, to the statements in chapter "*10. Profit Forecast*".

In light of these uncertainties and assumptions, it is possible or even likely that the future events mentioned in this Prospectus will not occur or materialise as suggested herein. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third-party reports could prove to be inaccurate (for more information on the third-party sources used in this Prospectus, see "*2.7. Sources of market data*"). Actual results, performance or events may differ materially from those in such statements. For a description of the risks that could influence the Issuer's forward-looking statement, see "*1. Risk Factors*".

Moreover, it should be noted that all forward-looking statements only speak as of the date of this Prospectus and that the Company does not assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

2.7 Sources of market data

To the extent not otherwise indicated, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which the Group operates are based on the Issuer's assessments.

The following sources were used in the preparation of this Prospectus:

2.7.1 Reports

- BARMER, 2018, Arzneimittelreport 2018 ("**BARMER 2018**");
- Bundesverband der Arzneimittelhersteller e. V., 2016, "Der Arzneimittelmarkt in Deutschland – Zahlen und Fakten 2016" ("**B.A.H. 2016**");
- Bundesministerium für Gesundheit, 2016;
- Clinigen Group plc, "Annual Report and Accounts 2017" ("**Clinigen, Annual Report 2017**");
- Clinigen Group plc, "Annual Report and Accounts 2018" ("**Clinigen, Annual Report 2018**");
- Clinigen Group plc, "Clinigen Half Year Presentation 2019" ("**Clinigen, Half-Year Presentation 2019**");
- European Parliament, March 2011, "Differences in Costs of and Access to Pharmaceutical Products in the EU" ("**European Parliament 2011**");
- European Federation of Pharmaceutical Industries and Associations (EFPIA), 2018, "The Pharmaceutical Industry in Figures" ("**EFPIA 2018**");
- Enemark, Møller Pedersen, & Sørensen, 2006 "The economic impact of parallel import of pharmaceuticals", ("**Enemark, Møller Pedersen, & Sørensen 2006**");
- European Association of Euro-Pharmaceutical Companies (EAEPC), January 2013, "The Parallel Distribution Industry A closer look at savings, ("**EAEPC 2013**");
- European Association of Euro-Pharmaceutical Companies (EAEPC), October 2016, "Parallel distribution and shortages – Q&A", ("**EAEPC 2016**");
- Evaluate Pharma, July 2016, "Pharmaceutical Innovation in Europe" ("**Evaluate Pharma, July 2016**");
- Evaluate Pharma, September 2016, "World Preview 2016, Outlook to 2022" ("**Evaluate Pharma, September 2016**");

- Evaluate Pharma, October 2017, "European Pharma Market Outlook to 2022 – Evaluate European Drug Forecasts, September 2017" ("**Evaluate Pharma, October 2017**");
- Evaluate Pharma, June 2018, "World Preview 2018, Outlook to 2024" ("**Evaluate Pharma, 2018"**);
- Grand View Research, Report dated July 2017, "Clinical Trial Supplies Market Worth $3.3 Billion By 2025 | CAGR: 7.3%" ("**Grand View Research 2017**");
- IQVIA, Jan 2019, "Predictions and areas to watch in the global pharma market ahead, 2019-2023", ("**IQVIA 2019**");
- OECD, Health Systems in Transition Vol. 18 No. 5, 2016, ("**OECD 2016**");
- OECD, Report "State of Health in the EU – Austria: Country Health Profile 2017" ("**OECD Austria 2017**");
- OECD, Report "State of Health in the EU – Denmark: Country Health Profile 2017" ("**OECD Denmark 2017**");
- OECD, Report "State of Health in the EU – Netherlands: Country Health Profile 2017" ("**OECD Netherlands 2017**");
- OECD, Report "State of Health in the EU – Sweden: Country Health Profile 2017" ("**OECD Sweden 2017**");
- OECD, Report "State of Health in the EU – Germany: Country Health Profile 2017" ("**OECD Germany 2017**");
- OECD, Report "Health at a Glance 2017 – OECD Indicators" ("**OECD 2017**");
- Pharmaphorum.com/views-and-analysis/strategies-success-comparator-clinical-trials/(June 8,2018) ("**Pharmaphorum 2018**");
- Quintiles IMS 2017, White Paper, Parallel trade: Which factors determine the flow of pharmaceuticals in Europe? 2017 ("**Quintiles IMS 2017**");
- The American Journal of Managed Care, 2017;23(2):87–88 ("**The Amercian Journal of Managed Care 2017**"); and
- United Nations Population Fund, Report dated 2012, "Ageing in the Twenty-First Century: A Celebration and A Challenge" ("**United Nations**").

2.7.2 Databases

- European Federation of Pharmaceutical Industries and Associations (EFPIA) Data center, last accessed 2/04/2019 ("**EFPIA**");
- Eurostat, "Statistics Explained – Population structure and ageing", last accessed 24/08/2018 ("**Eurostat**");
- IQVIA MIDAS, data for 2017 ("**IQVIA MIDAS Quantum December 2017**"); and
- IQVIA MIDAS, data for 2018 ("**IQVIA MIDAS Quantum December 2018**").

2.7.3 Laws and Regulations

- Beschluss des Bundesrats (Drucksache 578/18) (Beschluss) vom 14. Dezember 2018, Entschließung des Bundesrats – Streichung der Importförderklausel für Arzneimittel im fünften Buch Sozialgesetzbuch;
- Danish Pharmacy Law, Apotekloven 2017, https://laegemiddelstyrelsen.dk/en/pharmacies/pharmacies/the-danish-pharmacy-act, last accessed on April 2, 2019 ("**Apotekloven**").

2.7.4 Websites / organisations

- ClinicalTrials.gov, "Trends, Charts, and Maps", last accessed on April 2, 2019 ("**ClinicalTrials.gov**");
- Danish Medicines Agency, Database, https://laegemiddelstyrelsen.dk/en/, last accessed on April 2, 2019 ("**Danish Medicines Agency**");

- European Patent Office, Statistics "European patent applications 2008–2017 per field of technology", last accessed 24/08/2018 ("**European Patent Office**");
- NHS 2018, https://www.england.nhs.uk/2015/01/cancer-drug-budget/; last accessed on August 24, 2018 ("**NHS 2018**");
- Tandvårds-Läkemedelförmånsverket (Swedish Dental and Pharmaceutical Benefit Agency – TLV), https://www.tlv.se ("**TLV** "); and
- The European Medicine Agency, 2018 (https://www.ema.europa.eu/en).

It should be noted in particular that reference has been made in this Prospectus to information concerning markets and market trends, which was obtained from the above-mentioned sources. The Issuer has accurately reproduced such information and, as far as it is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. For example, market studies are often based on information or assumptions that may be inaccurate or inappropriate, and their methodology is inherently predictive and speculative.

Irrespective of the assumption of responsibility for the content of this Prospectus by the Issuer and the Underwriter (see "*Responsibility Statement*"), neither the Issuer nor the Underwriter have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Issuer and the Underwriter make no representation or warranty as to the accuracy of any such information from third-party studies included in this Prospectus. Prospective investors should note that the Issuer's own estimates and statements of opinion and belief are not always based on studies of third parties.

2.8 Presentation of figures

2.8.1 Presentation of financial data

Where financial information presented in the tables in this Prospectus is labelled "**audited**", this means that it has been taken from the applicable audited financial statements mentioned above in "*2.4. Documents available for inspection*". Where financial information presented in the tables in this Prospectus is labelled "**reviewed**", this means that it has been taken from the unaudited consolidated condensed interim financial statements mentioned above in "*2.4. Documents available for inspection*". The label "**unaudited and unreviewed**" is used in the text and tables in this Prospectus to indicate financial information that has not been taken from the audited financial statements or the unaudited consolidated condensed interim financial statements mentioned above but rather was taken from the Issuer's internal reporting system, or has been calculated based on figures from those sources mentioned before.

It should be noted that in the the Issuer's audited consolidated financial statements prepared in accordance with IFRS as of and for the fiscal year ended December 31, 2018, including comparative figures as of and for the fiscal year ended December 31, 2017 there has been a change to the classification in the income statement covering the fiscal years ended December 31, 2018 and 2017 compared to the the Issuer's audited consolidated financial statements prepared in accordance with IFRS as of and for the fiscal year ended December 31, 2017, including comparative figures as of and for the fiscal year ended December 31, 2016 and December 31, 2015. The audited consolidated financial statements as of and for the fiscal year ended December 31, 2018, including comparative figures as of and for the fiscal year ended December 31, 2017 separatly present "operating profit before depreciations, amortisation and special items (Adjusted EBITDA)" and the item "special items (IPO related costs)" as disclosed in note 1 to the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018 including comparative figures as of and for the fiscal year ended December 31, 2017.

The Profit Forecast contained in chapter "*10. Profit Forecast*" was examined by Ernst & Young Godkendt Revisionspartnerselskab and is accompanied by their report dated May 22, 2019 and likewise included in this Prospectus.

Financial information presented in the text and tables in this Prospectus is shown in millions of euro (€ million) unless specified otherwise.

2.8.2 Non-IFRS Financial Measures

This Prospectus contains non-IFRS financial measures and ratios, including EBITDA (as defined below) and EBITDA margin (as defined below), which are not required by, or presented in accordance with IFRS. The

Company presents non-IFRS financial measures because they are used by its management in monitoring the Group's business. In addition, the Management uses Adjusted gross profit (excluding exceptional items), Adjusted EBITDA, Adjusted EBITDA II and Adjusted EBITDA III, Adjusted gross margin (excluding exceptional items), Adjusted EBITDA margin as well as Adjusted EBITDA II Margin and Adjusted EBITDA III Margin (each of them as defined below) as alternative performance measures in order to assess the performance of Abacus Medicine's business. These figures are not recognised measures under IFRS as adopted in the European Union and should, for this reason, not be considered as an alternative to the applicable IFRS measures.

EBITDA, EBITDA margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA II, Adjusted EBITDA III, Adjusted EBITDA II Margin and Adjusted EBITDA III Margin, Adjusted gross profit are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on October 5, 2015 on alternative performance measures. Specifically, Abacus Medicine uses:

- "**Adjusted gross profit**" is defined as gross profit adjusted for an exceptional inventory write-off in respect of a specific pharmaceutical product;
- "**Adjusted gross margin**" is defined as Adjusted gross profit divided by revenue.
- "**EBITDA**" is defined as operating profit before depreciation and amortisation;
- "**EBITDA margin**" is defined as EBITDA divided by revenue;
- "**Adjusted EBITDA**" is EBITDA (before special items) which is adjusted for costs incurred in connection with the preparations of the IPO including advisory costs and costs incurred with the conversion of the consolidated financial statements from Danish GAAP to IFRS prior to the IPO;
- "**Adjusted EBITDA II**" is Adjusted EBITDA (excluding exceptional items) which is adjusted for (i) an exceptional inventory write-off in respect of a specific pharmaceutical product for the fiscal year ended December 31, 2018 and (ii) severance payments to a former senior management member and resigned DayDose employees in the fiscal year ended December 31, 2018;
- "**Adjusted EBITDA III**" is Adjusted EBITDA (excluding exceptional items and DayDose Activities) which is adjusted for (i) an exceptional inventory write-off in respect of a specific pharmaceutical product for the fiscal year ended December 31, 2018 and (ii) severance payments to a former senior management member and resigned DayDose employees in the fiscal year ended December 31, 2018, and (iii) costs related to the DayDose Activities in the three-month period ended March 31, 2018 and the fiscal years ended December 31, 2018, 2017 and 2016, respectively;
- "**Adjusted EBITDA margin**" is defined as Adjusted EBITDA divided by revenue.
- "**Adjusted EBITDA II Margin**" is defined as Adjusted EBITDA II divided by revenue; and
- "**Adjusted EBITDA III Margin**" is defined as Adjusted EBITDA III divided by revenue.

The definitions of the non-IFRS financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytic tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS. The non-IFRS financial measures are reconciled as set out in *section "8.5. Alternative performance measures (Non-IFRS financial measures)"* of this Prospectus.

2.8.3 Profit Forecast

This Prospectus includes a consolidated profit forecast for the fiscal year ending December 31, 2019 (the "**Profit Forecast**"), which was prepared using the accounting policies adopted by the Company in preparing the consolidated financial statements as of and for the fiscal year ended December 31, 2018 included elsewhere in this Prospectus, as amended by the first-time application of the accounting standard IFRS 16 Leases as at January 1, 2019 as reflected in the notes to the consolidated condensed interim financial statements as of and for the three-month period ended March 31, 2019 included elsewhere in this Prospectus. The Profit Forecast is based on:

- the unaudited consolidated condensed interim financial statements of the Company as of and for the three-month period ended March 31, 2019; and

- a budget developed using a bottom-up approach modelling with estimates made for the fiscal year 2019 including revenue, cost of sales, other external expenses, staff costs, depreciation and amortization, tax expenses, interest expenses, capital expenditures and working capital items.

2.8.4 Rounding differences

Figures are commercially rounded to one digit after the decimal point. Changes, including percentage changes, are calculated based on the numbers as presented in this Prospectus and commercially rounded to one digit after the decimal point. As a result of rounding effects, the aggregated figures in the tables may differ from the totals shown and the aggregated percentages may not equal 100%. In addition, rounded totals and subtotals in the tables may vary marginally from unrounded figures indicated elsewhere in this Prospectus.

In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to or equals zero.

2.8.5 Presentation of currency and exchange rates

The amounts set forth in this Prospectus in "**EUR**", "**€**" or "**euro**" refer to the Euro as single currency of the participating member states in the third stage of the European Monetary Union pursuant to the Treaty on the Functioning of the EU and thereby legal currency of Germany.

The amounts set forth in this Prospectus in "**DKK**" refer to the Danish kroner as legal currency of Denmark.

Fluctuations in the exchange rate between the EUR and the other currencies will affect the amounts received by owners of the shares in such other currencies upon conversion of dividends, if any, paid in EUR on the shares.

The functional currency of the Issuer is EUR and it presents its financial statements in EUR.

The following table sets forth, for the periods and dates indicated, the average, high, low and period-end euro buying rates expressed in DKK per Euro, such data having been provided by Danmarks Nationalbank (the "**Danish Central Bank**"). The Danish Central Bank fixes exchange rates on the basis of information obtained from a number of central banks on a daily conference call hosted by the European Central Bank at 2:15 p.m. ("**CET**" or "**CEST**", as applicable). The average rates for each period represent the daily average of the euro buying rates for such period. The exchange rate of DKK per EUR is regulated by the exchange rate mechanism, a system originally established in 1979 for controlling exchange rates within the monetary system of the EU. Under this system, Denmark sets its central exchange rate to DKK 7.46 per EUR and allows fluctuations of the exchange rate within a 2.25% band. This means that the exchange rate can fluctuate from a high of DKK 7.63 per €1.00 to a low of DKK 7.29 per €1.00. If the market-determined floating exchange rate rises above or falls below the band, the Danish Central Bank must intervene.

	Reference Rate of DKK per €1.00			
	Period End	**High**	**Average**	**Low**
Calendar Year				
2016	7.4344	7.4645	7.4452	7.4338
2017	7.4449	7.4455	7.4386	7.4331
2018	7.4673	7.4676	7.4532	7.4415
2019				
2019 Three-Month Period (January 1 – March 31)	7.4652	7.4679	7.4637	7.4600
2019 April	7.4646	7.4666	7.4650	7.4639
2019 May 1 – May 21	7.4685	7.4695	7.4670	7.4655

Source: The European Central Bank Statistical Data Warehouse, http://sdw.ecb.europa.eu/browseTable.do?SERIES_KEY=120.EXR.D.DKK.EUR.SP00.A&node=qview

Each of the period end and average exchange rates shown in this table may deviate from the period end and average exchange rates reproduced in the Company's financial statements or other data used in this Prospectus insofar as they have used other sources for exchange rate calculations.

2.9 Trademarks

The Group owns or has rights to certain trademarks, trade names or service marks that it uses in connection with the operation of its business. The Group asserts, to the fullest extent under applicable law, its rights to its trademarks, trade names and service marks. Each trademark, trade name or service mark of any other company appearing in this Prospectus belongs to its holder. Solely for convenience, the trademarks, trade names and copyrights referred to in this Prospectus are listed without the ©, ® or ™ symbols.

3. THE OFFERING AND LISTING

3.1 Subject matter of the Offering

This Prospectus relates to, *inter alia*, the Offering of 4,952,133 ordinary shares of the Issuer, each such share with a €0.05 nominal value and entitled to receive dividends, consisting of:

- 3,586,207 Share Loan Shares;
- 719,996 Secondary Shares and
- 645,930 Over-Allotment Shares.

The number of Share Loan Shares and Secondary Shares to be placed with investors will be decided by the Company in consultation with Joh. Berenberg, Gossler & Co. KG, Hamburg, Germany ("**Berenberg**") on the date of pricing. To the extent Share Loan Shares will be placed in the offering, the share loan will be returned by way of delivery by the Underwriter to the Lending Shareholder of a corresponding number of new ordinary shares to be issued through a capital increase against contribution in cash (the "**IPO Capital Increase**") to be resolved upon by Board of Directors on or around May 22, 2019, pursuant to an authorisation to the Board of Directors resolved by the annual general meeting of the shareholders of the Issuer held on May 2, 2019 (the "**New Shares**"). The IPO Capital Increase is expected to be registered with the Danish Business Authority on or around May 31, 2019 and would result in a capital increase of the Issuer's share capital of up to nominally €179,310.35.

The Greenshoe Shareholder will make up to 645,930 Over-Allotment Shares available to Berenberg as stabilisation manager (the "**Stabilisation Manager**"), in the form of a securities loan to cover potential over-allotments (the "**Over-Allotment**"). The total number of Over-Allotment Shares will not exceed 15% of the final number of Share Loan Shares and Secondary Shares placed in the Offering. For more information, see "*3.8. Stabilisation measures, over-allotments and Greenshoe Option*".

The Offering consists of an IPO in Germany and private placements in certain jurisdictions outside Germany. The Offer Shares will be offered and sold only in offshore transactions in compliance with Regulation S under the Securities Act.

3.2 Price Range, Offer Period, Offer Price and allotment

The Price Range set for the Offering is €14.50 to €16.00 per Offer Share.

The period during which investors may submit purchase orders for the Offer Shares is expected to begin on May 23, 2019 and is expected to end on May 29, 2019 (the "**Offer Period**"). On the last day of the Offer Period, offers to purchase may be submitted (i) until 11:59 p.m. (Central European Summer Time) ("**CEST**") by private investors, and (ii) until 3:00 p.m. (CEST) by institutional investors.

Purchase orders from institutional investors and German Private Investors (as defined below) are freely revocable until the respective Offer Period expires. Revocation of purchase orders cannot occur after allocation of the Offer Shares. Purchase orders must be denominated in full euro amounts or euro cent figures of 25, 50, or 75 cents. The minimum purchase order amount is one Offer Share. There is no maximum amount for purchase orders. Multiple purchase orders are permitted.

Private investors in Germany (natural persons with a depositary account in Germany may submit purchase orders for the public offering in Germany during the Offer Period through their depositary bank.

Subject to the publication of a supplement to this Prospectus, if required, the Issuer, the Selling Shareholders and the Underwriter reserve the right to decrease the total number of Offer Shares, to increase or decrease the upper limit and/or the lower limit of the Price Range and/or to extend or shorten the Offer Period.

Reductions in the number of Offer Shares, changes to the Price Range or the extension or shortening of the Offer Period will not invalidate any offers to purchase that have already been submitted. If such change requires the publication of a supplement to this Prospectus, investors who submitted purchase orders before the supplement is published shall have the right to withdraw these offers to purchase within two business days of the publication of the supplement. Instead of withdrawing the offers to purchase placed prior to the publication of the supplement, investors may change their orders or place new limited or unlimited offers to purchase within two business days of the publication of the supplement.

Any changes to the terms of the Offering will be published by means of electronic media (such as Reuters or Bloomberg) and, if required by the Market Abuse Regulation (EU) No. 596/2014, as an *ad hoc* release via an electronic information dissemination system, on the Issuer's website and as a supplement to this Prospectus. In such case, investors who have submitted offers to purchase will not be notified individually. Under certain conditions, the Underwriter may terminate the underwriting agreement, dated May 22, 2019, among the Issuer, the Selling Shareholders and the Underwriter (the "**Underwriting Agreement**"), even after commencement of trading (*Aufnahme des Handels*) of the Issuer's shares on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). If the Underwriting Agreement is terminated, the Offering will not take place, in which case any allotments already made to investors will be invalidated and investors will have no claim for delivery. Claims with respect to subscription fees already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations. See "*20.5. Termination and indemnification*".

The final price per share (the "**Offer Price**" for the Offer Shares and the final number of Offer Shares placed in the Offering will be determined by the Company after consultation with the Selling Shareholders and the Underwriter. The Offer Price will be set on the basis of the purchase orders submitted by investors during the Offer Period that have been collated in the order book prepared during a bookbuilding process. These orders will be evaluated according to the prices offered and the investment horizons of the respective investors. This method of setting the number of shares that will be placed at the Offer Price is, in principle, aimed at maximizing proceeds. Consideration will also be given to whether the Offer Price and the number of shares to be placed allow for the reasonable expectation that the share price will demonstrate steady performance in the secondary market given the demand for the Issuer's shares as reflected in the order book. Attention will be paid not only to the prices offered by investors and the number of investors wanting shares at a particular price, but also to the composition of the group of shareholders in the Issuer that would result at a given price, and expected investor behaviour. The Issuer and the Selling Shareholders will not specifically charge any expenses and taxes related to the Offering to investors.

The Offer Price and the final number of Offer Shares placed in the Offering (*i.e.*, the result of the Offering) are expected to be set on May 30, 2019. After the Offer Price has been set, the Offer Shares will be allotted to investors on the basis of the offers to purchase then available.

The Offer Price and the final number of Offer Shares (that is, the result of the Offering) are expected to be published on or about May 30, 2019 by means of an *ad hoc* release on an electronic information dissemination system and on the Issuer's website. Investors who have placed orders to purchase Offer Shares with the Underwriter can obtain information from the Underwriter about the Offer Price and the number of Offer Shares allotted to them on the business day following the setting of the Offer Price. As commencement of trading (*Aufnahme des Handels*) of the Shares (except for the New Shares) on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to take place on the first business day following the setting of the Offer Price, investors may not have obtained information about the number of Offer Shares allotted to them at the time of commencement of trading. Book-entry delivery of the allotted Offer Shares against payment of the Offer Price is expected to take place on May 31, 2019. Should the placement volume prove insufficient to satisfy all orders placed at the placement price, the Underwriter reserves the right to reject orders, or to accept them in part only.

3.3 Expected timetable for the Offering

The following is the expected timetable for the Offering, which may be extended or shortened:

Date	Event
May 22, 2019	Publication of the approved Prospectus on the Issuer's website (www.abacusmedicine.com)
	Notification of the approved Prospectus to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) ("**BaFin**")
May 23, 2019	Commencement of the Offer Period
May 29, 2019	Close of the Offer Period for purchase orders by private investors at 11:59 p.m. (CEST) and for institutional investors at 3:00 p.m. (CEST)
	Listing approval regarding the Shares (except for the New Shares) by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

Date	Event
May 30, 2019	Determination of the Offer Price and final number of Offer Shares to be allocated
	Publication of the results of the Offering in the form of an *ad hoc* release on an electronic information dissemination system and on the Issuer's website (www.abacusmedicine.com)
May 31, 2019	Commencement of trading in the Shares (except for the New Shares) on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
	Book-entry delivery of the Offer Shares against payment of the Offer Price per Offer Share by investors (settlement)
	Registration of the New Shares with the Danish Business Authority and creation of the New Shares to return the share loan granted by the Lending Shareholder to the Underwriter
June 4, 2019	Listing approval regarding the New Shares by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
June 6, 2019	Inclusion of the New Shares into the by then existing quotation of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and closing.

The Prospectus, as well as any supplements thereto, will be published on the Issuer's website at www.abacusmedicine.com (section: Investor Relations). Printed copies of this Prospectus, as well as of any supplements thereto, are available during regular business hours at the offices of Berenberg at Neuer Jungfernstieg 20, 20354 Hamburg, Germany.

3.4 Information on the Shares

3.4.1 Current and future share capital; Form of the Shares

As of the date of this Prospectus, the nominal share capital of the Issuer amounts to €372,500.00 and is divided into 7,450,000 ordinary shares that have been issued. The share capital has been fully paid up.

In connection with and for the purpose of the Offering, it is expected that the Issuer will issue up to 3,586,207 New Shares pursuant to the IPO Capital Increase to be resolved by the Board of Directors on or about May 22, 2019, pursuant to an authorisation to the Board of Directors resolved by the annual general meeting of the shareholders of the Issuer held on May 2, 2019 and as contained in Article 4.1 of the Company's Articles of Association. It is expected that registration of the New Shares with the Danish Business Authority will take place on or around May 31, 2019.

Upon registration of the New Shares with the Danish Business Authority, the Issuer's outstanding share capital will amount to up to €551,810.35 and will be divided into 11,036,207 ordinary shares.

3.4.2 Representation of the Shares

The shares of the Issuer (the "**Shares**") are issued in dematerialised (book-entry) form through VP Securities A/S, Weidekampsgade 14, P.O. Box 4040, DK-2300 Copenhagen S, Denmark ("**VP Securities A/S**").

The Articles of Association contain a so-called central securities depository provision for electronic registration and the Shares are registered with VP Securities A/S and then mirrored in book-entry form in central securities depository operated by Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream Banking AG**"). The Shares will be admitted to collective safe custody (*Girosammelverwahrung*) and added to the list of link-eligible securities for cross-border securities transfers by book entries between VP Securities A/S and Clearstream Banking AG. As from the Listing, the Shares will be eligible for delivery in collective safe custody (*Girosammelverwahrung*) and a settlement of the Frankfurt Stock Exchange trades will be possible.

Shares administered by Clearstream Banking AG are registered in dematerialised form on central securities depositary accounts and therefore no share certificates are issued. In order to trade in the Shares following Listing, investors need to hold book-entry interests representing the Shares in the Clearstream Banking AG system, through their account holding institutions. For Danish investors, the Shares will for all practical purposes be treated similar to shares in a non-Danish company.

As a result of the above, Clearstream Banking AG will be the only registered shareholder in the Company in VP Securities A/S at the time of Listing.

3.4.3 Nominees

Shares registered in securities accounts can be entered in the share register, either in the name of the shareholder (directly-registered Shares) or in the name of a nominee (nominee-registered Shares)

A nominee shareholder is entitled to receive dividends and to exercise all subscription and other financial and administrative rights attached to the shares held in its name with VP Securities A/S or Clearstream Banking AG on behalf of the beneficial owner (see "*5.1. General Provisions relating to Profit Allocation and Dividend Payments*"). In order to trade in the Shares following Listing, beneficial owners need to hold book-entry interests representing the Shares in the Clearstream Banking AG system, through their account holding institutions. The nominee is responsible for the further distribution to the beneficial owner. The relationship between the nominee shareholder and the beneficial owner is regulated solely by an agreement between the parties, and the beneficial owner must disclose its identity if any of the aforementioned rights is to be exercised directly by the beneficial owner.

The right to appoint a nominee does not eliminate a shareholder's obligation to notify the Company and Danish FSA of a major shareholding. See "*16.13.1. Shareholder notification requirements*".

3.4.4 Voting rights

Each Share carries one vote at the Issuer's general meeting. There are no restrictions on voting rights and the Issuer's existing shareholders do not have different voting rights. As Clearstream Banking AG is the only registered shareholder in the Company in VP Securities A/S, beneficial owners will have to exercise their shareholder rights, including voting rights, through their respective account holding institutions or nominee banks.

3.4.5 Dividend and liquidation rights

All shares are entitled to receive dividends. In the event of the Issuer's liquidation, any proceeds will be distributed to the holders of the Shares in proportion to their interest in the Issuer's share capital. Dividends, if declared, will be paid out through Clearstream Banking AG and account holding institutions net of applicable Danish withholding tax.

3.4.6 Delivery and settlement

Payment of the Offer Price is expected to be made by investors on May 31, 2019.

The delivery of the Offer Shares is expected to take place on May 31, 2019.

The Shares will be delivered in book-entry form through allocation to accounts with Clearstream Banking AG.

3.4.7 Target market assessment

The following disclosure is directed at distributors (within the meaning of the MiFID II Product Governance Requirements as defined below) of the Offer Shares: Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process. As a result, it has been determined that such Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Specifically, the criteria contained in the following sentence characterizing the target market for shares in the Company have been identified. Target clients:

- include retail clients, professional clients and eligible counterparties;
- should be able and willing to carry losses of up to the total amounts invested;
- have a short-term, mid-term or long-term investment horizon;

- have an investment strategy focused on the overall accumulation of wealth and optimisation of wealth as well as disproportionate participation;
- possess basic knowledge and experience with respect to financial instruments; and
- have a sale strategy that includes execution only, non-advisory services, investment advisory services and asset management.

Notwithstanding the Target Market Assessment, distributors (within the meaning of the MiFID II Product Governance Requirements) should note that:

- the price of the Offer Shares may decline and investors could lose all or part of their investment;
- the Offer Shares offer no guaranteed income and no capital protection; and
- an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering. For the avoidance of doubt, the Target Market Assessment does not constitute:

- an assessment of suitability or appropriateness of an investment in shares of the Company for the purposes of MiFID II; or
- a recommendation to any investor or group of investors to invest in, or purchase, sell or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

3.4.8 ISIN/WKN/Common Code/Trading Symbol

International Securities Identification Number (ISIN) DK0061111739

German Securities Identification Number (*Wertpapierkennnummer*, WKN) A2N6X0

Common Code 189556209

Trading Symbol ..... ABC

3.5 Transferability of the Shares; Lock-up

The Shares are negotiable instruments and no restrictions under the Article of Association or Danish law apply to the transferability of the Shares. Except for the restrictions set forth in "*3.9. Lock-up agreement, Limitations on disposal*" and "*20.6. Selling restrictions*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Issuer's shares.

3.6 Existing Shareholders

The following table sets forth the Issuer's direct and indirect shareholders who hold a share of 5% or more of the Company's voting rights (the "**Major Shareholders**", and together with the Company's other current shareholders, the "**Existing Shareholders**") or directly or indirectly hold other financial instruments whose terms and conditions allow their holder or a third party to acquire already issued Shares with voting rights, as well as the number of Shares held as of the date of this Prospectus, *i.e.*, prior to the IPO Capital Increase. The information shown is based on the Issuer's best knowledge.

Existing Shareholders	Interest in the Issuer	
	(in shares)	(in %)
Wagner Family Holding ApS, Copenhagen, Denmark [1]	6,826,659	91.63
Other Existing Shareholders (with shareholdings of less than 5% each) [2]	623,341	8.37

Existing Shareholders	Interest in the Issuer	
	(in shares)	(in %)
Total	**7,450,000**	**100.00**

[1] Wagner Family Holding ApS is indirectly majority owned and ultimately controlled by Flemming Wagner, member of the Board of Directors (Chief Executive Officer) of the Company.

[2] Including the Selling Shareholders Lars Jenster, Visicata ApS (which is solely owned and controlled by Lars Jenster) and L. Conradsen Holding ApS, none of which (in the case of Lars Jenster and Visicata ApS on a combined basis) holds a share of 5% or more of the Company's voting rights.

It is expected that the shareholding of the Existing Shareholders will drop to approximately 55.1% of the Issuer's outstanding share capital upon completion of the Offering at the mid-point of the Price Range, assuming placement of 3,586,207 Share Loan Shares, placement of 719,996 Secondary Shares, placement of 645,930 Over-Allotment Shares and full exercise of the Greenshoe Option (as defined in "*3.8. Stabilisation measures, over-allotments and Greenshoe Option*").

For further details on the ownership structure of the Issuer, see "*18. Shareholder Structure*".

3.7 Allotment criteria

No agreement exists between the Company, the Selling Shareholders and the Underwriter as to the allotment procedure. The allotment of Offer Shares to private investors and institutional investors will be decided by the Company and the Selling Shareholders after consultation with the Underwriter. The decision ultimately rests with the Company and the Selling Shareholders. Allotments will be made on the basis of the quality of the individual investors, such as the expected investment horizon and expected trading behaviour of the investor, and individual orders and other important allotment criteria to be determined by the Company and the Selling Shareholders) after consultation with the Underwriter. The allocation to Private Investors will be compatible with the "Principles for the allotment of Share Issues to Private Investors" (*Grundsätze für die Zuteilung von Aktienemissionen an Privatanleger*) issued on June 7, 2000, by the German Commission of Stock Exchange Experts published by the Stock Exchange Expert Committee (*Börsensachverständigenkommission*) of the German Federal Ministry of Finance (*Bundesministerium der Finanzen*). These "Principles for the allotment of Share Issues to Private Investors" include *inter alia* the principle of proportional allotment, *i.e.*, according to a fixed portion of the purchase offer or to all potential buyers or those of a specific minimum number, which are customary methods in German offerings to private investors. "Qualified investors" (*qualifizierte Anleger*) pursuant to the German Securities Prospectus Act (*Wertpapierprospektgesetz*) ("**WpPG**") as well as "professional clients" (*professionelle Kunden*) and "suitable counterparties" (*geeignete Gegenparteien*) under the WpPG are generally not viewed as "private investors" within the meaning of the allocation rules. The details of the allotment procedure will be stipulated after expiration of the Offer Period and published in accordance with the allotment principles.

3.8 Stabilisation measures, over-allotments and Greenshoe Option

In connection with the placement of the Offer Shares, Berenberg will act as stabilisation manager (the "**Stabilisation Manager**") and may, as Stabilisation Manager, and acting in accordance with legal requirements (Article 5(4) and (5) of the Market Abuse Regulation (EU) No. 596/2014 in conjunction with Articles 5 through 8 of the Commission Delegated Regulation (EU) 2016/1052), make Over-Allotments and take stabilisation measures to support the market price of the Issuer's shares and thereby counteract any selling pressure.

The Stabilisation Manager is under no obligation to take any stabilisation measures. Therefore, stabilisation may not necessarily occur and may cease at any time. Such measures may be taken on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) from the date when trading in the shares of the Issuer is commenced on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must be terminated no later than 30 calendar days after this date (the "**Stabilisation Period**").

Stabilisation transactions aim at supporting the market price of the Issuer's shares during the Stabilisation Period. These measures may result in the market price of the Issuer's shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

Under the possible stabilisation measures, investors may, in addition to the Share Loan Shares and Secondary Shares, be allocated up to 645,930 Over-Allotment Shares as part of the allocation of the Offer Shares. For the purpose of such a potential Over-Allotment, the Stabilisation Manager will be provided with 645,930 existing shares from the holdings of the Greenshoe Shareholder in the form of a securities loan (the "**Borrowed Shares**"). The total number of Over-Allotment Shares will not exceed 15% of the final number of Share Loan Shares and Secondary Shares placed in the Offering. The Greenshoe Shareholder granted the Underwriter an option to acquire all or a portion of the Borrowed Shares at the Offer Price less agreed fees and commissions (the "**Greenshoe Option**", and the final number of borrowed Shares to be purchased by the Stabilisation Manager, the "**Greenshoe Shares**"), for the sole purpose of enabling the Stabilisation Manager to perform its redelivery obligation under the securities loan with the Greenshoe Shareholder. The Greenshoe Option may be exercised only during the Stabilisation Period.

The Stabilisation Manager is entitled to exercise the Greenshoe Option to the extent Over-Allotments were initially made; the Stabilisation Manager is entitled to exercise this option during the Stabilisation Period even if such exercise follows any sale of shares by the Stabilisation Manager which the Stabilisation Manager had previously acquired as part of any stabilisation measures (so-called "refreshing the shoe").

Within one week of the end of the Stabilisation Period, the Stabilisation Manager will ensure adequate public disclosure as to whether stabilisation was undertaken, the date on which stabilisation started and last occurred, and the price range within which stabilisation was carried out, for each of the dates during which stabilisation transactions were carried out and the trading venue(s) on which the stabilisation transactions were carried out, where applicable.

Exercise of the Greenshoe Option will be disclosed to the public promptly, together with all appropriate details, including in particular the date of exercise of the Greenshoe Option and the number and nature of securities involved in accordance with Article 8 of the Commission Delegated Regulation (EU) 2016/1052.

3.9 Lock-up agreement, Limitations on disposal

In the Underwriting Agreement, the Issuer agreed with the Underwriter that, until the end of a period of six months following the first business day after the inclusion of the New Shares into the by then existing quotation of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on June 6, 2019), to the extent legally permissible, without the prior written consent of the Underwriter, which may not be unreasonably withheld or delayed, the Issuer will not, and will not agree to:

- announce or effect an increase of the share capital of the Issuer from authorised capital;
- propose to its general meeting an increase of the share capital; or
- announce, effect or propose the issue of financial instrument constituting options or warrants convertible into Shares or economically equivalent transactions (including derivative transactions).

The Company may, however, issue or sell shares or other securities to the management or employees of the Company or any of its subsidiaries under the managements' and/or employees' stock option programs (as further described in section "*17.4.2. 214Long term incentive warrant-programme*."), provided that the Company ensures that (i) any securities other than shares cannot be converted into shares for a period of twelve months following the first business day after the inclusion of the New Shares into the by then existing quotation of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), or (ii) the beneficiaries of such managements' and/or employees' stock option programs will enter into lock-up undertakings for a period of twelve months following the first business day after the inclusion of the New Shares into the by then existing quotation of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

The foregoing shall not apply to the sale and transfer of the Offer Shares in connection with the Offering and to up to 50% of the shares that an employee holding warrants can receive as a result of the exercise under the Company's 2016 warrant programme (as defined and further described in section "*17.4.2. 214Long term incentive warrant-programme*.").

For the period commencing on May 22, 2019 and ending 180 days after the first day of trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on May 31, 2019), each of the Existing Shareholders (including the Selling Shareholders), severally and not jointly, undertook in writing that, it will not:

- offer, pledge, allot, distribute, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, transfer or otherwise dispose of, directly or

indirectly (including, but not limited to, the issuance or sale of any securities exchangeable into shares of the Issuer), any Shares held by it or any of its affiliates or enter into or perform any economically equivalent transaction; and

- cause or approve, directly or indirectly, the announcement, execution or implementation of any increase in the share capital of the Issuer or a direct or indirect placement of Shares (other than the IPO Capital Increase);
- propose, directly or indirectly, any increase in the share capital of the Issuer to any meeting of the shareholders for resolution, or vote in favour of such a proposed increase; or
- cause or approve, directly or indirectly, the announcement, execution or proposal of any issuance of financial instruments constituting options or warrants convertible into Shares or economically equivalent transactions (including derivative transactions).

The foregoing shall not apply to the IPO Capital Increase and the sale and transfer of the Offer Shares in connection with the Offering and up to 50% of the Shares that an employee holding warrants can receive under the Company's 2016 warrant programme (as defined and further described in section "*17.4.2. 214Long term incentive warrant-programme*.").

The foregoing shall further not apply to any pledges of Shares held by Wagner Family Holding as are or may be required under financing agreements entered into by companies of the Group and to the issuance or sale of Shares or other securities to the management or employees of the Company or any of its subsidiaries under the managements' and/or employees' stock option programs (as further described in section "*17.4.2. 214Long term incentive warrant-programme*."), provided that the Company ensures that (i) the beneficiaries of such managements' and/or employees' stock option programs will enter into lock-up undertakings for a period of twelve months following the first business day after the inclusion of the New Shares into the by then existing quotation of the Shares on the Frankfurt Stock Exchange *(Frankfurter Wertpapierbörse),* or (ii) only to the extent securities other than Shares will be issued, such securities cannot be converted into Shares for a period of twelve months following the first business day after the inclusion of the New Shares into the by then existing quotation of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

3.10 Admission to the Frankfurt Stock Exchange and commencement of trading

Currently, the Shares are not admitted to trading on the regulated market of a stock exchange or any equivalent market.

The Issuer will, together with Berenberg, apply for admission of the Shares (except for the New Shares) to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (*Prime Standard*) on or about May 23, 2019. The listing approval for the Shares (except for the New Shares) is expected to be granted on May 29, 2019. Trading in the Shares (except for the New Shares) on the Frankfurt Stock Exchange is planned to commence on May 31, 2019.

The Issuer will, together with the Underwriter, apply for admission of the New Shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (P*rime Standard*) on or about May 23, 2019. The listing approval for the New Shares is expected to be granted on June 4, 2019. Inclusion of the New Shares into the by then existing quotation of the Shares on the Frankfurt Stock Exchange is planned to commence on June 6, 2019.

3.11 Designated sponsor

Berenberg has been mandated as designated sponsor of the Shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Pursuant to the designated sponsor agreement between the relevant designated sponsor and the Issuer, each designated sponsor will, among other things, place limited buy and sell orders for the Issuer's shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Shares.

3.12 Interests of parties participating in the Offering

The Issuer intends to list its Shares (including the New Shares) on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post- admission obligations (*Prime Standard*) to achieve better access to the capital markets. The Issuer also intends to pursue the Offering to receive the proceeds from the placement of the Share Loan Shares to optimise its financing structure.

The Selling Shareholders will receive the proceeds from the sale of the Secondary Shares and, in the case of the Greenshoe Shareholder, the proceeds from the exercise of the Greenshoe Option, if any (after deduction of fees and commissions). Assuming sale of the Secondary Shares at the mid-point of the Price Range, the exercise of the Greenshoe Option, and after deducting fees and expenses to be paid by the Selling Shareholders in connection with the Offering, the proceeds to the Selling Shareholders from the Offering would amount to approximately €19.4 million, or 27.6% of the total net proceeds from the Offering (see "*4. Reasons for the Offering and Listing; Use of Proceeds*"). Accordingly, the Selling Shareholders have an interest in the success of the Offering at the best possible terms.

The Underwriter acts for the Issuer and the Existing Shareholders on the Offering and coordinates the structuring and execution of the Offering. Upon successful implementation of the Offering, the Underwriter will receive a commission, and the size of this commission depends on the results of the Offering. As a result of these contractual relationships, the Underwriter has a financial interest in the success of the Offering at the best possible terms. In addition, Berenberg has been mandated as designated sponsor of the Shares traded on the Frankfurt Stock Exchange.

Furthermore, in connection with the Offering, the Underwriter and any of its affiliates may take up a portion of the Offer Shares in the Offering as a principal position and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Offering. In addition, the Underwriter or its affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Underwriter (or its affiliates) may from time to time acquire, hold or dispose of shares in the Issuer. The Underwriter does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Underwriter or its affiliates may from time to time in the future have business relations with the Group or may perform services for the Group in the ordinary course of business for which they may receive customary fees and commissions.

Other than the interests described above, there are no material interests, in particular no material conflicts of interest, with respect to the Offering.

4. REASONS FOR THE OFFERING AND LISTING; USE OF PROCEEDS

4.1 Reasons for the Offering and Listing

The Issuer intends to list its Shares (including the New Shares) on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange with simultaneous admission to the sub-segment of the regulated market with additional post- admission obligations (*Prime Standard*) to achieve better access to the capital markets. The Issuer also intends to pursue the Offering to receive the proceeds from the placement of the Share Loan Shares to optimise its financing structure (see for more detail "*4.2.2. Use of proceeds*").

Wagner Family Holding ApS intends to partially use the net proceeds resulting from the sale of its portion of the Secondary Shares, and of the Over-Allotment Shares, if any, to repay debt from a loan agreement entered into to finance the acquisition of a stake in the Company from a former shareholder, to divest its stake in the Issuer and to ensure sufficient free float and trading liquidity in the Shares. The other Selling Shareholders intend to sell their portion of the Secondary Shares to pay capital gain taxes imposed on them as a result of the Offering and Listing.

4.2 Use of proceeds

4.2.1 Proceeds and costs of the Offering and Listing

The Company will receive the proceeds resulting from the issuance of the New Shares in connection with the Offering. The Company will not receive any proceeds from the sale of the Share Loan Shares, the Secondary Shares or the Over-Allotment Shares.

The gross issue proceeds depend on the final number of Offer Shares (including the Greenshoe Shares, if and to the extent the Greenshoe Option will be exercised), sold in the Offering and the Offer Price. The net issue proceeds depend on the amount of gross issue proceeds and the costs related to the Offering of Offer Shares and listing of the Company's entire share capital including the New Shares. Such costs consist of commissions payable to the Underwriter and other expenses related to the Offering. The costs of the Offering will be split between the Company and the Selling Shareholders according to the number of New Shares issued on the one hand and the number of Secondary Shares placed in the Offering and, to the extent the Greenshoe Option will be exercised, the Greenshoe Shares on the other hand, as described in more detail in "*18.3. Cost-sharing Agreement*".

The following table sets forth the estimated gross proceeds to be received by the Company and the Selling Shareholders at the low end, mid-point and high end of the Price Range, assuming in each case that all Share Loan Shares and all Secondary Shares are placed in the Offering, and the Greenshoe Option will be exercised in full, a number of New Shares corresponding to the number of Share Loan Shares placed in the Offering will be issued and that the Discretionary Fee for the Underwriter (as defined under "*20.3. Commission*") will be paid in full. The table also sets forth the estimated amount of costs and the estimated amount of net proceeds in each scenario.

Price Range	**Low End**	**Mid-Point**	**High End**
Final Offer Price	**€14.50**	**€15.25**	**€16.00**
		(in € mio.)	
Gross proceeds attributable to the Company from the issuance of New Shares	52.0	54.7	57.4
Gross proceeds attributable to the Selling Shareholders from the sale of Secondary Shares and Greenshoe Shares	19.8	20.8	21.9
Total gross proceeds	**71.8**	**75.5**	**79.2**
Total costs (including Underwriter's commissions)	**5.0**	**5.2**	**5.4**
thereof costs attributable to the Issuer	3.6	3.8	3.9
thereof costs attributable to the Selling Shareholders	1.4	1.4	1.5
Total Net Proceeds (Total Gross Proceeds less Total Costs)	**66.8**	**70.3**	**73.9**

Price Range	**Low End**	**Mid-Point**	**High End**
Final Offer Price	**€14.50**	**€15.25**	**€16.00**
		(in € mio.)	
thereof net proceeds attributable to the Company from the issuance of New Shares	14.5	15.3	16.0
thereof net proceeds attributable to the Selling Shareholders from the sale of Secondary Shares and Greenshoe Shares	48.4	50.9	53.5

Investors will not be charged expenses by the Company, the Selling Shareholders or the Underwriter. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

4.2.2 Use of proceeds

The Company intends to use its portion of the net proceeds of the Offering to finance the further growth and development of its business operations by both internal and external measures:

The Company intends to use a substantial part of the net proceeds from the issuance of the New Shares to strengthen its equity capital basis in view of the anticipated growth of business operations and to improve the Group's liquidity. In particular, it is intended to

- invest €30–40 million to increase purchasing power by increasing purchasing capacity to cater to needs of certain customer groups, *e.g.*, increasing relationships with pharmacies, and to improve increase order completion ratios and solvency ratios to decrease financing costs;
- spend €5–10 million in the context of the expansion of the Unlicensed Medicine, Managed Access Programs and Clinical Trials Services business segments and market consolidation;
- invest €4–7 million in tangible and intangible assets for the expansion of the Company's licence portfolio to further drive revenue and for investments in its manufacturing facilities in Hungary and the Netherlands (leasehold improvements, machines); and
- invest €3–5 million in growth and operational excellence, further roll-outs of its new enterprise resource planning (ERP) system, increasing headcount of IT- and regulatory experts and for general corporate purposes.

The chronological sequence in which the funds from the Net Proceeds from the issuance of the New Shares will be used by the Company for the aforementioned measures as well as the actual proportion of the Net Proceeds that will be used for the individual measures will depend on a number of factors, which at present cannot be conclusively determined.

To the extent and as long as the Net Proceeds from the issuance of the New Shares are not used for the above-mentioned measures, the Company intends to invest the funds in liquid short-term bank deposits, money market instruments, short-term government bonds or similar instruments, so that the funds remain available as needed on short notice for general corporate purposes of the Group.

5. DIVIDENDS; RESULTS AND DIVIDENDS PER SHARE; DIVIDEND POLICY

5.1 General Provisions relating to Profit Allocation and Dividend Payments

All Shares, including the Offer Shares, have the same rights, including in respect of eligibility to receive dividends and participate in share buybacks. Upon the issuance and registration of the New Shares to be issued by the Company pursuant to the Offering with the Danish Business Authority, the New Shares will be entitled to receive dividends to the extent any dividends are declared and payable with respect to the Shares.

5.1.1 Dividends

In accordance with the Danish Companies Act, dividends, if any, are declared with respect to a fiscal year at the annual general meeting of shareholders in the following year at the same time as the statutory annual report which includes the audited financial statements for that fiscal year is approved.

Further, the Company's general meeting may resolve to distribute interim dividends or authorise the Company's Board of Directors to decide on the distribution of interim dividends. A resolution to distribute interim dividends within six months after the date of the balance sheet as set out in the Company's latest adopted annual report shall be accompanied by a balance sheet from either the Company's latest annual report or an interim balance sheet which must be reviewed by the Company's auditors. If the decision to distribute an interim dividend is resolved more than six months after the date of the balance sheet as set out in the Company's latest adopted annual report, an interim balance sheet must be prepared and reviewed by the Company's auditors. The balance sheet or the interim balance sheet, as applicable, must in each case show that sufficient funds are available for distribution.

Dividends may not exceed the amount proposed or recommended by the Company's Board of Directors. Moreover, dividends and interim dividends may only be made out of distributable reserves and may not exceed what is considered sound and adequate with regard to the Company's financial condition and such other factors as the Company's Board of Directors may deem relevant.

As of the date of this Prospectus, the Company's Board of Directors has been authorised to distribute interim dividends but currently has no plan to do so in the near future.

Dividends paid to the Company's shareholders may be subject to withholding tax. See "*21. Taxation in Denmark*" and "*22. Taxation in Germany*" for a description of Danish withholding taxes in respect of dividends declared on the Shares and certain other Danish tax considerations relevant to the purchase or holding of Shares.

5.1.2 Share buybacks

In accordance with the Danish Companies Act, share buybacks, if any, may only be carried out by the Company's Board of Directors using funds that could have been distributed as dividends at the latest annual general meeting. Any share buyback shall as a main rule be carried out in accordance with an authorisation granted by the general meeting. The authorisation shall be granted for a specific period of time which may not exceed five years. The authorisation shall specify the maximum permitted value of treasury shares as well as the minimum and maximum amount that the Company may pay as consideration for such shares.

As of the date of this Prospectus, the Company's Board of Directors is authorised in the period until 2023 to approve the acquisition of treasury shares, on one or more occasions, with a total nominal value of up to 10% of the share capital of the Company, for so long as the Company's holding of treasury shares after such acquisition does not exceed 10% of the Company's share capital.

Share buybacks will be deemed a sale of shares for Danish tax purposes and as a general rule are not subject to Danish withholding tax, provided that the Company is admitted to trading on a regulated market. See "*21. Taxation in Denmark*" and "*22. Taxation in Germany*" for a description of Danish withholding taxes and certain other Danish and German income tax considerations relevant to the purchase or holding of Shares.

5.1.3 Other requirements

Dividends, if any, will be paid in accordance with the rules of the respective clearing system, as in force from time to time, and will be paid to the shareholders' accounts with their account-holding banks in EUR to those recorded as beneficiaries.

Dividends not claimed by shareholders are forfeited in favour of the Company, normally after three years, under the general rules of Danish law or statute of limitations.

Under the Company's Articles of Association and applicable Danish law, there are no dividend restrictions or special procedures for non-Danish resident holders of Shares.

5.2 Results and dividends per Share

The table below sets forth dividends declared and paid out for the previous three fiscal years and such final dividends per ordinary share:

	Dividends	
	Total	**Per share [1]**
	(in T€)	(in €)
	(audited)	
2016	2,638	0.95
2017	4,751	1.71
2018	–	–

[1] Based on the weighted average number of ordinary shares in the respective fiscal year adjusted for the effect of dilution by share options.

5.3 Dividend policy

The Company intends to use all available financial resources to finance and implement its strategy to grow the Company's current and future business. Accordingly, the Company currently has no plans to distribute dividends in the near future.

6. CAPITALISATION AND INDEBTEDNESS; STATEMENT ON WORKING CAPITAL

The following tables set forth, on an unaudited and unreviewed basis, (i) the Group's actual capitalisation and indebtedness as of March 31, 2019, derived from the Issuer's internal reporting system prior to the implementation of the Offering, and (ii) the adjustments for the Offering. The adjustments made in (ii) are based on the assumptions that the Offering had taken place on March 31, 2019 at the mid-point of the Price Range, that all Share Loan Shares and all Secondary Shares had been placed, the New Shares were issued in a corresponding number and that the Greenshoe Option is exercised in full and do not reflect any tax effects.

Investors should read these tables in conjunction with "*8. Selected Consolidated Financial and Business Information*", "*9. Management's Discussion and Analysis of Financial Condition and Results of Operations*", and the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017, including the notes thereto, which are included in "*25. Financial Information*", beginning on page F-1.

6.1 Capitalisation

	As of March 31, 2019	
	Prior to the implementation of the IPO Capital Increase	**Following implementation of the IPO Capital Increase [1]**
	(in € mio.)	
	(unaudited and unreviewed)	
Total current debt [2]	**87.6**	**87.6**
thereof guaranteed	0.0	0.0
thereof secured	13.7	13.7
thereof unguaranteed/unsecured	74.0	74.0
Total non-current debt [3]	**4.2**	**4.2**
thereof guaranteed	0.0	0.0
thereof secured	0.0	0.0
thereof unguaranteed/unsecured	4.2	4.2
Total shareholder's equity [4]	**15.9**	**66.9**
Share Capital	0.4	0.6
Legal Reserve	–	–
Other Reserve [5]	15.5	66.3
Total [6]	**107.8**	**158.7**

[1] The adjusted amounts reflect the assumption that the Offering had taken place on March 31, 2019 with expected gross proceeds from this Offering of €54.7 million (based on the issuance of 3,586,207 New Shares at a subscription price of €15.25 (*i.e.,* assuming full placement of all Share Loan Shares at the mid-point of the Price Range and issuance of the New Shares in a corresponding number) and costs of this Offering relating to the placement of such Share Loan Shares and the issuance of the corresponding number of New Shares of approximately €3.8 million (assuming payment of the discretionary fee relating to the placement of all Share Loan Shares at the mid-point of the Price Range).

[2] Referred to as total current liabilities in the unaudited consolidated condensed interim financial statements of Abacus Medicine as of and for the three-month period ended March 31, 2019.

[3] Referred to as total non-current liabilities in the unaudited consolidated condensed interim financial statements of Abacus Medicine as of and for the three-month period ended March 31, 2019.

[4] Referred to as total equity in the unaudited consolidated condensed interim financial statements of Abacus Medicine as of and for the three-month period ended March 31, 2019.

[5] Sum of other reserves and retained earnings, each as referred to in the unaudited consolidated condensed interim financial statements of Abacus Medicine as of and for the three-month period ended March 31, 2019.

[6] Equals the sum of total current debt, total non-current debt and total shareholder's equity.

6.2 Indebtedness

		As of March 31, 2019	
		Prior to the implementation of the IPO Capital Increase	Following implementation of the IPO Capital Increase [1]
		(in € mio.)	
		(unaudited and unreviewed)	
A.	Cash [2]	2.9	53.9
B.	Cash equivalents	–	–
C.	Trading securities	–	–
D.	**Liquidity (A)+(B)+(C)**	**2.9**	**53.9**
E.	**Current financial receivables [3]**	**31.3**	**31.3**
F.	Current bank debt [4]	13.7	13.7
G.	Current portion of non-current debt [5]	1.1	1.1
H.	Other current financial debt [6]	70.4	70.4
I.	**Current Financial Debt (F)+(G)+(H)**	**85.2**	**85.2**
J.	**Net current financial indebtedness (I)-(E)-(D)**	**51.0**	**0.1**
K.	Non-current bank loans	–	–
L.	Bonds issued	–	–
M.	Other non-current loans [5]	2.0	2.0
N.	**Non-current financial liabilities (K)+(L)+(M)**	**2.0**	**2.0**
O.	**Net financial indebtedness (J)+(N)**	**53.0**	**2.1**

[1] The adjusted amounts reflect the assumption that the Offering had taken place on March 31, 2019 with expected gross proceeds from this Offering of €74.7 million (based on the issuance of 3,586,207 New Shares at a subscription price of €15.25 (*i.e.,* assuming full placement of all Share Loan Shares at the mid-point of the Price Range and issuance of the New Shares in a corresponding number) and costs of this Offering relating to the placement of such Share Loan Shares and the issuance of the corresponding number of New Shares of approximately €3.8 million (assuming payment of the discretionary fee relating to the placement of all Share Loan Shares at the mid-point of the Price Range).

[2] Referred to as cash and cash equivalents in the unaudited condensed consolidated interim financial statements of Abacus Medicine as of and for the three-month period ended March 31, 2019.

[3] Referred to as trade and other receivables in the unaudited condensed consolidated interim financial statements of Abacus Medicine as of and for the three-month period ended March 31, 2019.

[4] Comprises bank overdraft credit facility. Referred to as borrowings in the unaudited condensed consolidated interim financial statements of Abacus Medicine as of and for the three-month period ended March 31, 2019.

[5] Referred to as Lease obligations in the unaudited condensed consolidated interim financial statements of Abacus Medicine as of and for the three-month period ended March 31, 2019.

[6] Referred to as trade payables, other payables and income tax payable in the unaudited condensed consolidated interim financial statements of Abacus Medicine as of and for the three-month period ended March 31, 2019.

6.3 Indirect and contingent indebtedness

As of March 31, 2019, indirect and contingent indebtedness included recorded purchase commitments in connection with inventories in an amount of €10.9 million. Other than that, there were no contingent or indirect liabilities of Abacus Medicine as of that date.

6.4 Statement on working capital

The Issuer is of the opinion that the Group is in a position to meet the payment obligations that become due within at least the next twelve months from the date of this Prospectus.

7. DILUTION

According to its unaudited consolidated condensed financial statements as of and for the three-month period ended March 31, 2019, the net book value of the Issuer as of March 31, 2019 corresponds to €15.9 million (total assets of €107.8 million less long-term provisions and non-current liabilities of €4.2 million and short-term provisions and current liabilities of €87.6 million). The net book value per share (equity per share), which corresponds to the net book value divided by the number of outstanding Shares immediately prior to the Offering, would amount to €2.14 per Issuer's share based on 7,450,000 outstanding Shares immediately prior to the Offering.

The exact amount and the percentage of the dilutive effect of the Offering depend on the amount of the total net proceeds attributable to the Company from the issuance of the New Shares. Such total net proceeds depend on the number of Share Loan Shares sold in the Offering and the corresponding number of New Shares issued in the context of the Offering as well as on the final Offer Price and the amount of total costs to be borne by the Company.

The immediate dilutive effect of the Offering is illustrated in the table below demonstrating the amount by which the Offer Price at the low end, mid-point and high end of the Price Range exceeds the net book value per share attributable to shareholders after completion of the Offering and the IPO Capital Increase assuming the below described steps of the Offering had taken place on March 31, 2019. In this respect, the net book value attributable to shareholders as of March 31, 2019 is adjusted for the effects of the issuance of New Shares in connection with the Offering, assuming (i) the execution of the IPO Capital Increase for 3,586,207 New Shares at the low end, the mid-point and the high end of the Price Range and (ii) an increase in the net book value attributable to shareholders at the low end of the Price Range by €48.4 million, at the mid-point of the Price Range by €50.9 million and at the high end of the Price Range by €53.5 million. The assumed increase is based on the expected net proceeds not considering any tax effects. The adjusted net book value attributable to shareholders is expressed as a per share figure, assuming 11,036,207 outstanding Shares upon completion of the Offering (this per share figure being referred to as the "Post-IPO Equity attributable to Shareholders per Share").

	As of March 31, 2019		
	Low End	**Mid-Point**	**High-End**
	(in € mio., unless specified otherwise)		
	(unaudited and unreviewed)		
Pre-IPO Equity (net book value) per Share [1]	2.14	2.14	2.14
Offer Price per Offer Share (in €)	14.50	15.25	16.00
Gross proceeds attributable to the Company from the issuance of New Shares	52.0	54.7	57.4
Estimated total costs of the Offering to be borne by the Company [2]	3.6	3.8	3.9
Total net proceeds attributable to the Company from the issuance of New Shares	48.4	50.9	53.5
Post-IPO Equity (net book value) per Share	5.83	6.06	6.29
Amount by which the Offer Price exceeds the Post-IPO Equity per Share (immediate dilution of new shareholders of the Company) (in €)	8.67	9.19	9.71
Percentage by which the Offer Price exceeds the Post-IPO Equity per Share (in %)	149	152	154
Amount by which the Post-IPO Equity per Share exceeds the net book value per Share immediately prior to the Offering (immediate accretion to the existing shareholders of the Company)	3.69	3.92	4.15
Percentage by which the Post-IPO Equity per Share exceeds the net book value per Share immediately prior to the Offering (in %)	172	183	194

[1] Based on 7,450,000 outstanding Shares immediately prior to the Offering and a net book value of the Group in an amount of €15.9 million as of March 31, 2019. Shown as total equity in the Issuer's unaudited consolidated condensed interim financial statements as of and for the three-month period ended March 31, 2019.

[2] Including underwriting and placement commissions payable to the Underwriter and assuming payment of the discretionary fee in full.

Concerning the scope of dilution of voting rights, *i.e.*, the reduction in the percentage stake of current shareholders, see "*18.1. Current shareholders*".

8. SELECTED CONSOLIDATED FINANCIAL AND BUSINESS INFORMATION

The financial information contained in the following tables is taken or derived from the Issuer's unaudited consolidated condensed interim financial statements as of and for the three-month period ended March 31, 2019 including comparative figures as of and for the three-month period ended March 31, 2018, audited consolidated financial statements as of and for the fiscal year ended December 31, 2018, including comparative figures as of and for the fiscal year ended December 31, 2017, audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015 and the Issuer's internal reporting system. Financial information as of and for the fiscal year ended December 31, 2017 is taken from the comparative figures included in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018. Such financial information, if, compared to the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 (i) has been adjusted or (ii) presented, in addition, in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018.

The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and additional disclosure requirements of the Danish Financial Statements Act. The unaudited consolidated condensed interim financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as adopted by the European Union.

The consolidated financial statements as of and for the fiscal year ended December 31, 2018 including comparative figures as of and for the fiscal year ended December 31, 2017 and the consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015 were audited by Ernst & Young Godkendt Revisionspartnerselskab, Osvald Helmuths Vej 4, Postboks 250, 2000 Frederiksberg, Denmark ("**Ernst & Young**"), as independent auditor of the Issuer. Ernst & Young issued an unqualified auditor's report as to such financial statements. The unaudited consolidated condensed interim financial statements were reviewed, but were not audited by Ernst & Young. Ernst & Young issued an unqualified auditor's review report as to such financial statements.

The aforementioned audited consolidated financial statements and unaudited consolidated condensed interim financial statements of the Issuer and the respective independent auditor's report and auditor's review report thereon are included in this Prospectus. The audited consolidated financial statements as of and for the fiscal year ended December 31, 2018 including comparative figures as of and for the fiscal year ended December 31, 2017 included in this Prospectus are identical with the consolidated financial statements as of and for the fiscal year ended December 31, 2018 including comparative figures as of and for the fiscal year ended December 31, 2017 included in the Company's Annual Report for 2018 dated May 2, 2019, which in addition to the consolidated financial statements includes Parent Company financial statements, a Management review and a Management statement. Ernst & Young provided an unqualified opinion on the Annual Report for 2018 in respect of the consolidated financial statements and the Parent Company financial statements as of and for the fiscal year ended December 31, 2018 and a statement without comments in respect of the Management review. The audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015 included in this Prospectus are identical with the consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015 included in the Company's Annual Report for 2017 dated May 30, 2018, which in addition to the consolidated financial statements includes Parent Company financial statements, a Management review and a Management statement. Ernst & Young provided an unqualified opinion on the Annual Report for 2017 in respect of the consolidated financial statements and the Parent Company financial statements as of and for the fiscal year ended December 31, 2017 and a statement without comments in respect of the Management review.

It should be noted that in the Issuer's audited consolidated financial statements prepared in accordance with IFRS as of and for the fiscal year ended December 31, 2018 including comparative figures as of and for the fiscal year ended December 31, 2017 there has been a change to the classification in the income statement covering 2018 and 2017 compared to the the Issuer's audited consolidated financial statements prepared in accordance with IFRS as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015 whereas the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018 including comparative figures as of and for the fiscal year ended December 31, 2017 separatly presents the item "special item" (*i.e.* IPO related

costs) as disclosed in note 1 to the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018.

Where financial information in the following tables is labelled "**audited**", this means that it has been taken from the applicable audited financial statements mentioned above. Where financial information in the following tables is labelled "**reviewed**", this means that it has been taken from the unaudited consolidated condensed interim financial statements mentioned above. The label "**unaudited and unreviewed**" is used in the following tables to indicate that the financial information has not been taken from the audited financial statements or the unaudited consolidated condensed interim financial statements mentioned above, but rather was taken from the Issuer's internal reporting system, or has been calculated based on figures from those sources.

The following tables also contain certain non-IFRS financial measures and ratios, including Adjusted EBITDA and Adjusted EBITDA margin that are not required by, or presented in accordance with, IFRS. Each such measure is defined specifically in the tables below the first time it is mentioned. The Company presents these non-IFRS financial measures because they are used by its management for monitoring the Group's business and management believes these non-IFRS financial measures facilitate an understanding of the underlying operating performance of the Group.

The non-IFRS financial measures used by the Company, including *inter alia* Adjusted EBITDA and Adjusted EBITDA margin, are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on October 5, 2015 on alternative performance measures. The definitions of the non-IFRS financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytic tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS.

Financial information presented in the text and tables below is shown in millions of euro (€ million) unless specified otherwise and is commercially rounded to one digit after the decimal point. Changes, including percentage changes, are calculated based on the numbers as presented in this Prospectus and are commercially rounded to one digit after the decimal point. As a result of rounding effects, the aggregated figures in the tables may differ from the totals shown and the aggregated percentages may not equal 100%. In addition, rounded totals and subtotals in the tables may vary marginally from unrounded figures indicated elsewhere in this Prospectus. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not applicable or relevant, while a zero ("0.0") signifies that the relevant figure is applicable but has been rounded to or equals zero.

The following selected financial information should be read together with sections "*2.8. Presentation of figures*", "*9. Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the consolidated financial statements including the related notes contained elsewhere in this Prospectus. The historical results of the Issuer are not necessarily indicative of the results that should be expected in the future.

8.1 Consolidated income statement

	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio., unless specified otherwise)		(in € mio., unless specified otherwise)		
	(reviewed)		(audited, unless specified otherwise)		
Revenue [1]	90.4	71.8	332.3	253.1	177.9
Cost of sales [2]	-79.2	-63.4	-291.5	-223.7	-157.2
Gross profit [3]	11.2	8.4	40.8	29.3	20.7
Other external costs	-2.4	-1.7	-8.2	-6.7	-4.5
Staff costs (Personnel expenses)	-5.7	-4.3	-19.0	-12.9	-9.6
Operating profit before depreciations, amortization and special items ("**Adjusted EBITDA**") [4]	3.1	2.4	13.6	9.8	6.6
Special items [5]	–	–	-1.1	-0.4	–
Operating profit before depreciations and amortization ("**EBITDA**") [6]	3.1	2.4	12.6	9.4	6.6
Depreciation and amortisation	-1.2	-0.7	-2.7	-1.9	-1.5

	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio., unless specified otherwise)		(in € mio., unless specified otherwise)		
	(reviewed)		(audited, unless specified otherwise)		
Operating profit (EBIT)	1.9	1.7	9.9	7.6	5.1
Finance income	0.0	0.0	0.1	0.2	0.2
Finance expenses	-0.5	-0.6	-2.6	-1.6	-0.8
Profit before tax	1.5	1.2	7.4	6.1	4.5
Tax	-0.4	-0.3	-2.0	-1.8	-1.2
Profit for the period	**1.1**	**0.8**	**5.4**	**4.3**	**3.3**
Earnings per share (in €) [7]	0.1	0.1	0.7	0.6	0.5
Diluted earnings per share (in €) [8]	0.1	0.1	0.7	0.6	0.5

[1] Revenue includes revenue contribution of €-0.1 million for the three-month period ended March 31, 2018 and €-0.1 million, €0.2 million and €0.4 million for the fiscal years ended December 31, 2018, 2017 and 2016, respectively, which were related to exclusive producing, marketing and distribution activities carried out by the Company under the brand DayDose and in connection with the Company's purchase of intellectual property rights related to DayDose in the fiscal year ended December 31, 2017 (the "**DayDose Activities**"). On September 1, 2018, the DayDose Activities were sold and transferred to DayDose ApS, a company wholly-owned by Wagner Family Holding ApS.

[2] Cost of sales includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018. Cost of sales of the DayDose Activities is internally calculated by the Company as 80% of revenue related to the DayDose Activities whereas negative revenue related to the DayDose Activities corresponds to positive cost of sales.

[3] Gross profit includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018. Gross profit also includes gross profit contribution related to the DayDose Activities of €-12 thousand for the three-month period ended March 31, 2018 and €-14 thousand, €44 thousand and €76 thousand for the fiscal years ended December 31, 2018, 2017 and 2016, respectively. Gross profit was referred to as „Product profit" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

[4] Adjusted EBITDA includes net costs (staff costs and other external costs) related to the DayDose Activities primarily consisting of staff costs and other external costs such as advertisement and consultancy costs amounting to approximately €0.3 million, €0.8 million, €1.4 million and €1.3 million in the three-month period ended March 31, 2018 and the fiscal years ended December 31, 2018, 2017 and December 31, 2016, respectively. Further, Adjusted EBITDA includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018 as well as severance payments to a former senior management member and resigned DayDose employees of €0.3 million in the fiscal year ended December 31, 2018 and one-off reorganisation costs of €59 thousand (comprising of legal expenses relating to corporate reorganisation in connection with DayDose Activities as well as the acqusition of Aposave ApS and Originalis B.V.) in the fiscal year ended December 31, 2017. Unaudited for the fiscal year ended December 31, 2016.

[5] Special items are costs incurred in connection with the preparation of the initial public offering (the "**IPO**"), the conversion of the consolidated financial statements from local Danish GAAP to IFRS prior to the IPO as well as costs for external advisors engaged in connection with the preparation of the IPO.

[6] EBITDA includes net costs related to the DayDose Activities amounting to approximately €0.3 million, €0.8 million, €1.4 million and €1.3 million in the three-month periods ended March 31, 2018 and the fiscal years ended December 31, 2018, 2017 and December 31, 2016, respectively. Further, EBITDA includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018 as well as severance payments to a former senior management member and resigned DayDose employees of €0.3 million in the fiscal year ended December 31, 2018 and one-off reorganisation costs of €59 thousand (comprising of legal expenses relating to corporate reorganisation in connection with DayDose Activities as well as the acqusition of Aposave ApS and Originalis B.V.) in the fiscal year ended December 31, 2017.

[7] The figure "Earnings per share (in €)" as of and for the fiscal year ended December 31, 2017 is a comparative figure which was taken from the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018. The figure "Earnings per share (in €)" as of and for the fiscal year ended December 31, 2016 is unaudited.

[8] The figure "Diluted earnings per share (in €)" as of and for the fiscal year ended December 31, 2017 is a comparative figure which was taken from the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018. The figure "Diluted earnings per share (in €)" as of and for the fiscal year ended December 31, 2016 is unaudited.

8.2 Consolidated statement of other comprehensive income

	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Profit for the period	**1.1**	**0.8**	**5.4**	**4.3**	**3.3**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods					
Cash flow hedges – effective portion of changes in fair value	0.6	0.0	-0.8	0.0	0.0
Exchange differences on translation of foreign operations	0.0	-0.1	-0.1	0.0	0.0
Income tax effect	-0.1	0.0	0.2	0.0	0.0
Other comprehensive income/(loss) for the period, net of tax	**0.4**	**0.0**	**-0.6**	**0.0**	**0.0**
Total comprehensive income	**1.5**	**0.8**	**4.7**	**4.3**	**3.3**

8.3 Consolidated balance sheet

	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Intangible assets	14.7	10.1	13.9	10.2	4.8
Property, plant and equipment	3.4	2.2	3.0	1.5	0.6
Right-of-use assets	3.1	–	–	–	–
Other receivables	1.0	0.2	0.3	0.2	0.1
Deferred tax assets	0.1	–	0.1	–	0.0
Total non-current assets	**22.2**	**12.5**	**17.3**	**11.9**	**5.5**
Inventory	51.3	36.6	59.6	33.4	19.7
Trade and other receivables	31.3	16.0	19.0	10.2	31.5
Cash [1]	2.9	2.8	1.3	1.0	1.4
Total current assets	**85.5**	**55.3**	**80.0**	**44.6**	**52.7**
Total Assets	**107.8**	**67.8**	**97.2**	**56.5**	**58.2**

[1] Cash was referred to as "Cash and cash equivalents" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Share Capital	0.4	0.4	0.4	0.4	0.4
Other reserves	-0.2	0.0	-0.7	0.0	0.0
Retained earnings	15.8	10.2	14.7	9.3	9.2

	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Total Equity	**15.9**	**10.5**	**14.4**	**9.7**	**9.5**

	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Non-current liabilities					
Deferred tax liabilities	2.2	1.3	1.9	1.1	0.7
Lease obligations	2.0	–	–	–	–
Other payables	–	6.3	–	1.0	0.1
Total non-current liabilities	**4.2**	**7.6**	**1.9**	**2.1**	**0.7**
Current liabilities					
Provisions	2.4	1.9	2.2	0.5	0.3
Borrowings	13.7	24.6	21.3	24.0	33.2
Lease obligations	1.1	–	–	–	–
Trade payables	18.9	12.2	11.4	11.2	7.0
Income tax payable	1.0	1.3	0.9	1.3	1.8
Other payables	50.5	9.7	45.2	7.8	5.7
Total current liabilities	**87.6**	**49.7**	**80.9**	**44.8**	**47.9**
Total liabilities	**91.8**	**57.3**	**82.8**	**46.8**	**48.7**
Total Equity and Liabilities	**107.8**	**67.8**	**97.2**	**56.5**	**58.2**

8.4 Consolidated cash flow Statement

	As of and for the three-month period ended March 31		As of and for the fiscal year ended December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Operating Activities					
Profit before tax	1.5	1.2	7.4	6.1	4.5
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and amortisation	1.2	0.7	2.7	1.9	1.5
Finance income	0.0	0.0	-0.1	-0.2	-0.2
Finance expenses	0.5	0.6	2.6	1.6	0.8
Working capital adjustments:					
Non-cash items, net	-0.1	0.1	1.6	0.6	1.5
Changes in working capital	9.6	-0.5	2.4	14.2	-7.5
Interest received	0.0	0.0	0.1	0.2	0.2

	As of and for the three-month period ended March 31		As of and for the fiscal year ended December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Interest paid	-0.4	-0.4	-2.1	-1.4	-0.8
Income tax paid	-0.1	-0.1	-1.4	-1.9	-0.2
Net cash flow from operating activities	**12.1**	**2.4**	**13.2**	**21.0**	**-0.3**
Purchase of intangible assets	-1.4	-0.3	-6.5	-3.9	-1,5
Purchase of property, plant and equipment	-0.6	-0.9	-2.4	-1.4	-0.5
Business combinations	–	–	–	0.3	0.7
Paid deposits [1]	0.0	0.0	-0.2	-0.1	0.0
Disposals, non-current assets	–	–	0.1	0.0	0.0
Net cash flow used in investing activities	**-2.0**	**-1.2**	**-9.0**	**-5.0**	**-1.3**
Proceed from exercise of warrants	–	–	–	0.3	–
Change in borrowings (credit facility) [2]	-7.6	24.6	21.3	–	–
Deposits regarding bank agreement [3]	–	–	-1.1	-2.8	–
Interests paid on lease liabilities	0.0	–	–	–	–
Repayment of lease liabilities (IFRS 16)	-0.3	–	–	–	–
Issued loan to third party	-0.7	–	–	–	–
Proceeds from factoring debt	–	–	–	133.3	159.6
Repayment of factoring debt	–	–	–	-156.1	-157.9
Dividends paid to equity holders of the Parent	–	–	–	-4.8	-2.6
Net cash flow from financing activities	**-8.6**	**24.6**	**20.2**	**-30.1**	**-0.9**
Cash flow for the period	1.6	25.8	24.4	-14.1	-2.5
Cash at January 1 [3]	**1.3**	**-23.0**	**-23.0**	**-8.9**	**-6.4**
Cash at March 31/December 31 [4]	**2.9**	**2.8**	**1.3**	**-23.0**	**-8.9**

1 Paid deposits was referred to as "Change in deposit" in the unaudited consolidated condensed interim financial statements as of and for the three-month period ended March 31, 2019 and as "Change in deposits" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

2 Change in borrowings (credit facility) was referred to as "Proceeds from borrowings (credit facility)" in the unaudited consolidated condensed interim financial statements as of and for the three-month period ended March 31, 2019.

3 Deposits regarding bank agreement was referred to as "Change in deposits regarding bank agreement" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

4 Cash at January 1 was referred to as "Cash and cash equivalents and borrowings at 1 January" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

5 Cash at December 31 was referred to as "Cash and cash equivalents and borrowings at 31 December" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

8.5 Alternative performance measures (Non-IFRS financial measures)

The Board of Directors uses certain non-IFRS financial measures set out in the following table in order to assess the success performance of Abacus Medicine's business.

The following table provides additional operating and financial information with respect to Abacus Medicine for the periods and dates indicated:

	As of and for the three-month period ended March 31 [3]		As of and for the fiscal year ended December 31 [3]		
	2019	2018	2018	2017	2016
	(in %, unless specified otherwise)		(in %, unless specified otherwise)		
	(unaudited and unreviewed, unless specified otherwise)		(unaudited and unreviewed, unless specified otherwise)		
Gross margin [1]	12.4	11.7	12.3	11.6	11.6
Revenue growth [2]	25.9	–	31.3	42.3	59.0
Adjusted EBITDA (in € mio.) [3]	3.1	2.4	13.6	9.8	6.6
Adjusted EBITDA margin [4]	3.4	3.3	4.1	3.7	3.7
Return on investment capital ("**ROIC**") [5]	2.2	1.9	11.2	11.4	8.1
Solvency ratio [6]	14.8	15.5	14.8	17.1	16.3
Return on equity [7]	7.3	7.9	44.5	45.1	36.7
Earnings per share (in €) [8]	0.1	0.1	0.7	0.6	0.5
Diluted earnings per share (in €) [9]	0.1	0.1	0.7	0.6	0.5

[1] Gross margin is calculated as gross profit divided by revenue.

[2] Revenue growth reflects the percentage change between the period and the comparative period.

[3] Reviewed for the three-month periods; audited for the fiscal years ended December 31, 2018 and December 31, 2017.

[4] Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue.

[5] ROIC is calculated as operating profit multiplied by 1 minus the effective tax rate divided by average invested capital. Average invested capital is defined as the sum of Net working capital and non-current assets, whereas Net working capital is defined as the sum of inventory, trade and other receivables minus trade payables.

[6] The Solvency ratio is calculated as equity at period end divided by total assets.

[7] Return on equity is calculated as profit for the period after tax divided by average equity. Average equity is the sum of shareholders' equity at the beginning and the end of the respective period, divided by two.

[8] Reviewed for the three-month periods; audited for the fiscal years as indicated below. Earnings per share is calculated as profit for the period divided by average number of shares outstanding for the same period. Average number of outstanding shares is calculated based on an average of the outstanding shares at the beginning and the end of the period. The figure "Earnings per share (in €)" as of and for the fiscal year ended December 31, 2017 is a comparative figure which was taken from the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018. The figure "Earnings per share (in €)" as of and for the fiscal year ended December 31, 2016 is unaudited.

[9] Reviewed for the three-month periods; audited for the fiscal years as indicated below. Diluted earnings per share is calculated as profit for the period divided by the average number of shares outstanding, including any dilutive effect of share options for the same period. Average number of outstanding shares is calculated based on an average of the outstanding shares at the beginning and end of the period including dilutive effect share options calculated as average of share options at the beginning and end of the period. The figure "Diluted earnings per share (in €)" as of and for the fiscal year ended December 31, 2017 is a comparative figure which was taken from the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018. The figure "Diluted earnings per share (in €)" as of and for the fiscal year ended December 31, 2016 is unaudited.

The financial ratios above are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios except the calculation of ROIC. For terms and definitions, please see accounting policies as per note 1 of the audited consolidated financial statements, which are included in "*25. Financial Information*", beginning on page F-1. The calculation of earnings per share and diluted earnings per share is based on the guidance in IAS 33.

In addition, the Management uses Adjusted gross profit, EBITDA (excluding exceptional items), Adjusted gross profit margin and EBITDA (excluding exceptional items) margin as alternative performance measures in order to assess the performance of Abacus Medicine's business. The following table shows these alternative performance measures (including a reconciliation to the IFRS numbers) for the periods indicated:

	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio., unless specified otherwise)				
	(reviewed, unless specified otherwise)		(audited, unless specified otherwise)		
Gross profit	**11.2**	**8.4**	**40.8**	**29.3**	**20.7**
Gross profit margin (in %) [1]	12.4	11.7	12.3	11.6	11.6
Adjustments for exceptional items:					
Inventory write-off in respect of a specific pharmaceutical product [1]	–	–	*0.5*	–	–
Adjusted gross profit (excluding exceptional items) [1, 2]	11.2	8.4	41.3	29.3	20.7
Adjusted gross profit margin (in %) (excluding exceptional items) [1, 2]	**12.4**	**11.7**	**12.4**	**11.6**	**11.6**
Operating profit (EBIT)	**1.9**	**1.7**	**9.9**	**7.6**	**5.1**
Depreciation and amortization	1.2	0.7	2.7	1.9	1.5
EBITDA	**3.1**	**2.4**	**12.6**	**9.4**	**6.6**
EBITDA margin (in %) [1]	**3.4**	**3.3**	**3.8**	**3.7**	**3.7**
Adjusted EBITDA	**3.1**	**2.4**	**13.6**	**9.8**	**6.6** [1]
Adjusted EBITDA margin (in %) 1	**3.4**	**3.3**	**4.1**	**3.9**	**3.7**
Adjustments for exceptional items:					
thereof: (1) inventory write-off in respect of a specific pharmaceutical product [1]	–	–	*0.5*	–	–
thereof: (2) costs for reorganisation and severance payments [1]	–	–	*0.3*	*0.1*	–
Adjusted EBITDA (excluding exceptional items) ("Adjusted EBITDA II") [1]	**3.1**	**2.4**	**14.5**	**9.9**	**6.6**
Adjusted EBITDA margin (excluding exceptional items) ("Adjusted EBITDA II Margin") (in %) [1]	**3.4**	**3.3**	**4.3**	**3.9**	**3.7**
Adjustments for exceptional items:					
Costs for DayDose Activities [1]	–	*0.3*	*0.8*	*1.4*	*1.3*
Adjusted EBITDA (excluding exceptional items and DayDose Activities) ("Adjusted EBITDA III") [1]	**3.1**	**2.7**	**15.3**	**11.2**	**7.9**
Adjusted EBITDA margin (excluding exceptional items and DayDose Activities) (in %) ("Adjusted EBITDA III Margin") [1]	**3.4**	**3.8**	**4.6**	**4.4**	**4.5**

[1] Unaudited and unreviewed.

[2] Including gross profit contribution related to the DayDose Activities of €-12 thousand for the three-month period ended March 31, 2018 and €-14 thousand, €44 thousand and €76 thousand for the fiscal years ended December 31, 2018, 2017 and 2016, respectively.

9. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial information contained in the following tables is taken or derived from the Issuer's unaudited consolidated condensed interim financial statements as of and for the three-month period ended March 31, 2019 including comparative figures as of and for the three-month period ended March 31, 2018, audited consolidated financial statements as of and for the fiscal year ended December 31, 2018, including comparative figures as of and for the fiscal year ended December 31, 2017, audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015 and the Issuer's internal reporting system. Financial information as of and for the fiscal year ended December 31, 2017 is taken from the comparative figures included in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018. Such financial information, if, compared to the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017, (i) has been adjusted or (ii) presented, in addition, in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018.

The audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and additional disclosure requirements of the Danish Financial Statements Act. The unaudited consolidated condensed interim financial statements have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" (IAS 34) as adopted by the European Union.

The consolidated financial statements as of and for the fiscal year ended December 31, 2018, including comparative figures as of and for the fiscal year ended December 31, 2017 and the consolidated financial statements as of and for the fiscal year ended December 31, 2017, including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015 were audited by Ernst & Young Godkendt Revisionspartnerselskab, Osvald Helmuths Vej 4, Postboks 250, 2000 Frederiksberg, Denmark ("**Ernst & Young**"), as independent auditor of the Issuer. Ernst & Young issued an unqualified auditor's report as to such financial statements. The unaudited consolidated condensed interim financial statements as of and for the three-month period ended March 31, 2019, including comparative figures as of and for the three-month period ended March 31, 2018 were reviewed, but were not audited by Ernst & Young. Ernst & Young issued an unqualified auditor's review report as to such financial statements.

The aforementioned audited consolidated financial statements and unaudited consolidated condensed interim financial statements of the Issuer and the respective independent auditor's report and auditor's review report thereon are included in this Prospectus.

Where financial information in the following tables is labelled "**audited**", this means that it has been taken from the applicable audited financial statements mentioned above. Where financial information in the following tables is labelled "**reviewed**", this means that it has been taken from the unaudited consolidated condensed interim financial statements mentioned above. The label "**unaudited and unreviewed**" is used in the following tables to indicate financial information that has not been taken from the audited financial statements or the unaudited consolidated condensed interim financial statements mentioned above but rather was taken from the Issuer's internal reporting system, or has been calculated based on figures from those sources. Financial information presented in the text and tables below is shown in millions of euro unless specified otherwise and is commercially rounded to one digit after the decimal point. Changes, including percentage changes, are calculated based on the numbers as presented in this Prospectus and commercially rounded to one digit after the decimal point. As a result of rounding effects, the aggregated figures in the tables may differ from the totals shown and the aggregated percentages may not equal 100%. In addition, rounded totals and subtotals in the tables may vary marginally from unrounded figures indicated elsewhere in this Prospectus. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero ("0.0") signifies that the relevant figure is available but has been rounded to or equals zero.

The following selected financial information should be read together with sections "*2.8. Presentation of figures*", "*8. Selected Consolidated Financial and Business Information*" and the consolidated financial statements and the unaudited consolidated condensed interim financial statements including the related notes contained elsewhere in this Prospectus. The historical results of the Issuer are not necessarily indicative of the results that should be expected in the future.

9.1 Overview

Abacus Medicine, established in 2004, is – according to its own estimates – the fastest growing company in the European parallel trading industry for original prescription pharmaceuticals in terms of revenue in the fiscal years ended December 31, 2016 to 2018 with revenue amounting to €177.9 million, €253.1 million and €332.3 million respectively, which corresponds to a compound annual growth rate ("**CAGR**") of 36.7%. Abacus Medicine's growth is based on a large addressable market for Parallel Trading amounting to €5.4 billion in 2017, which is expected to grow to €6.2 billion by 2022 (*source: QVARTZ; EFPIA; IQVIA MIDAS Quantum December 2017*). The high growth has been achieved primarily organically with a strategic focus on product portfolio development, product segmentation and multi-market sales, supported by operational excellence throughout the value chain achieved on the basis of advanced and proprietary IT systems and business analytic tools.

Abacus Medicine has developed a strong business platform to support its future growth based on a well-diversified product portfolio with 3,618 licences as of March 31, 2019 (2018: 3,186 licences; 2017: 2,515 licences; 2016: 1,709 licences), which are essential to act in the parallel trading industry, a unique multi-market strategy with direct sales in 12 European countries, strong sourcing capabilities and a highly-diversified supply network spread throughout European countries.

Abacus Medicine is engaged in parallel import and parallel distribution of pharmaceutical products with highly flexible multi-market sales channels and a particular focus on the growing medium-to-high-price segment (€500–€3,000 per package) and the high-price segment (€3,000 and above per package) of pharmaceutical products primarily used for the treatment of cancer, multiple sclerosis, rheumatoid arthritis, Hepatitis C, HIV, diabetes, nervous system diseases, anti-infectives, blood and cardiovascular system diseases and Alzheimer's. "**Parallel Import**" refers to the acquisition of pharmaceutical products which are locally-authorised by the competent authority in one member state ("**Member State**") of the European Economic Area ("**EEA**") and the sale of such pharmaceutical products in another Member State by a company that is independent from, and acts in parallel to, the original marketing authorisation holder. In contrast, "**Parallel Distribution**" describes the acquisition of pharmaceutical products centrally-authorised by the European Medicines Agency ("**EMA**") and their sale in parallel to the original marketing authorisation holder. Parallel Import and Parallel Distribution are often and in this Prospectus also referred to as "**Parallel Trade**" or "**Parallel Trading**". As the original manufacturer decides whether to apply for a licence in one of the Member States or for a licence from the EMA, it follows the original manufacturer's decision whether Parallel Trading with the respective pharmaceutical product by a third party falls within the category of Parallel Import or Parallel Distribution. In order to parallel import or parallel distribute a pharmaceutical product, a parallel trading company needs to apply for a licence for each product. The licence includes information about repackaging activities and requirements for translating packaging language for sale in one Member State to another Member State.

Abacus Medicine is headquartered in Copenhagen, Denmark, and as of the date of this Prospectus, consists of 21 companies in 16 countries. Abacus Medicine has warehousing and repackaging facilities in Hungary and the Netherlands while other facilities such as the warehouse and consignment stock located in Germany, have been outsourced to and are operated by third party logistics services providers.

In the three-month period ended March 31, 2019, the Group sourced selected pharmaceutical products in 28 countries via its widespread sourcing network of more than 200 active suppliers (active suppliers are defined as companies from which the Group has sourced pharmaceutical products within the last 12 months) and subsequently repacks or relabels such pharmaceutical products and directly sells them mainly to wholesale customers, pharmacies and hospitals across 12 European countries.

Abacus Medicine is constantly examining further market opportunities and new business ideas, in particular any that can be leveraged through its existing product area, supplier network and customer base. Already in 2018, the Group has increased its investments in three complementary business areas related to Parallel Trading, *inter alia*, (a) markets for trading of pharmaceutical products that are either (i) not yet licenced in that particular country or in short supply ("**Unlicensed Medicine**" or "**ULM**")) or (ii) that are still in clinical development and for which access is being granted to patients upon request of the treating physician ("**Managed Access Programs**" or "**MAP**") and (b) to enter the global market for supplying both pharmaceutical and biotech companies with comparator medicine for clinical trials ("**Clinical Trials Services**"). These highly synergistic new markets are currently being addressed by the Group's fully-owned subsidiaries of Aposave ApS with operations in Denmark, the Netherlands, the United Kingdom, Hong Kong/China, the United States, Mexico and Brazil ("**Aposave**"). In the three-month period ended March 31, 2019, Aposave generated revenue of €1.8 million. In the fiscal years ended December 31, 2016, 2017 and 2018, Aposave generated revenue of €0.5 million, €0.8 million and €3.7 million, respectively, which corresponds to a CAGR of 164.2% (from 2016 to 2018), demonstrating an early proof of concept. The investments in the new business areas expand Abacus Medicine's addressable market for

Parallel Trading from €5.4 bn (2017) to a combined addressable market of Aposave of approximately $9-15 bn (*source: Clinigen, Half-Year Presentation 2019; EFPIA; QVARTZ; IQVIA MIDAS Quantum December 2017*).

The development of Aposave as the go-to-market brand for these services is still in the early stages of planning and implementation. Significant investments were made in November 2018, when a managing director with industry experience was recruited to lead the Aposave business through the next phase of expansion. In early 2019 the team has been further expanded by the recruitment of more senior industry experts that add knowledge, experience and a strong network of relevant contacts across these services areas. The following table provides selected financial information of the Group business for the periods indicated:

	January 1 – March 31		January 1 – December 31		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € mio., unless specified otherwise)		(in € mio., unless specified otherwise)		
	(reviewed)		(audited, unless otherwise indicated)		
Revenue [1]	90.4	71.8	332.3	253.1	177.9
Cost of sales [2]	-79.2	-63.4	-291.5	-223.7	-157.2
Gross profit [3]	11.2	8.4	40.8	29.3	20.7
Other external costs	-2.4	-1.7	-8.2	-6.7	-4.5
Staff costs (Personnel expenses)	-5.7	-4.3	-19.0	-12.9	-9.6
Operating profit before depreciations, amortization and special items ("**Adjusted EBITDA**") [4]	3.1	2.4	13.6	9.8	6.6
Special items [5]	–	–	-1.1	-0.4	–
Operating profit before depreciations and amortization ("**EBITDA**") [6]	3.1	2.4	12.6	9.4	6.6
Depreciation and amortisation	-1.2	-0.7	-2.7	-1.9	-1.5
Operating profit (EBIT)	1.9	1.7	9.9	7.6	5.1
Finance income	0.0	0.0	0.1	0.2	0.2
Finance expenses	-0.5	-0.6	-2.6	-1.6	-0.8
Profit before tax	1.5	1.2	7.4	6.1	4.5
Tax	-0.4	-0.3	-2.0	-1.8	-1.2
Profit for the period	**1.1**	**0.8**	**5.4**	**4.3**	**3.3**

[1] Revenue includes revenue contribution of €-0.1 million for the three-month period ended March 31, 2018 and €-0.1 million, €0.2 million and €0.4 million for the fiscal years ended December 31, 2018, 2017 and 2016, respectively, which were related to exclusive producing, marketing and distribution activities carried out by the Company under the brand DayDose and in connection with the Company`s purchase of intellectual property rights related to DayDose in the fiscal year ended December 31, 2017 (the "**DayDose Activities**"). On September 1, 2018, the DayDose Activities were sold and transferred to DayDose ApS, a company wholly-owned by Wagner Family Holding ApS.

[2] Cost of sales includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018. Cost of sales of the DayDose Activities is internally calculated by the Company as 80% of revenue related to the DayDose Activities whereas negative revenue related to the DayDose Activities corresponds to positive cost of sales.

[3] Gross profit includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018. Gross profit also includes gross profit contribution related to the DayDose Activities of €-12 thousand for the three-month period ended March 31, 2018 and €-14 thousand, €44 thousand, €76 thousand for the fiscal years ended December 31, 2018, 2017 and 2016, respectively. Gross profit was referred to as „Product profit" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

[4] Adjusted EBITDA includes net costs (staff costs and external costs) related to the DayDose Activities amounting to approximately €0.3 million, €0.8 million, €1.4 million and €1.3 million in the three-month period ended March 31, 2018 and the fiscal years ended December 31, 2018, 2017 and 2016, respectively. Further, Adjusted EBITDA includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018 as well as severance payments to a former senior management member and resigned DayDose employees of €0.3 million in the fiscal year ended December 31, 2018 and one-off reorganisation costs of €59 thousand (comprising of legal expenses relating to corporate reorganisation in connection with DayDose Activities as well as the acqusition of Aposave ApS and Originalis B.V.) in the fiscal year ended December 31, 2017. Unaudited for the fiscal year ended December 31, 2016.

[5] Special items are costs incurred in connection with the preparation of the initial public offering (the "**IPO**"), the conversion of the consolidated financial statements from local Danish GAAP to IFRS prior to the IPO as well as costs for external advisors engaged in connection with the preparation of the IPO.

[6] EBITDA includes net costs (staff costs and external costs) related to the DayDose Activities amounting to approximately €0.3 million, €0.8 million, €1.4 million and €1.3 million in the three-month period ended March 31, 2018 and the fiscal years ended December 31, 2018, 2017 and December 31, 2016, respectively. Further, EBITDA includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018 as well as severance payments to a former senior management member and resigned DayDose employees of €0.3 million in the fiscal year ended December 31, 2018 and one-off reorganisation costs of €59 thousand (comprising of legal expenses relating to corporate reorganisation in connection with DayDose Activities as well as the acqusition of Aposave ApS and Originalis B.V.) in the fiscal year ended December 31, 2017.

	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio., unless specified otherwise)				
	(reviewed, unless specified otherwise)		(audited, unless specified otherwise)		
Gross profit	**11.2**	**8.4**	**40.8**	**29.3**	**20.7**
Gross margin (in %) [1]	**12.4**	**11.7**	12.3	11.6	11.6
Adjustments for exceptional items:					
Inventory write-off in respect of a specific pharmaceutical product [1]	–	–	*0.5*	–	–
Adjusted gross profit (excluding exceptional items) [1, 2]	**11.2**	**8.4**	**41.3**	**29.3**	**20.7**
Adjusted gross profit margin (in %) (excluding exceptional items) [1, 2]	**12.4**	**11.7**	12.4	11.6	11.6
Operating profit (EBIT)	**1.9**	**1.7**	**9.9**	**7.6**	**5.1**
Depreciation and amortization	**1.2**	0.7	2.7	1.9	1.5
EBITDA	**3.1**	**2.4**	**12.6**	**9.4**	**6.6**
EBITDA margin (in %) [1]	**3.4**	**3.3**	**3.8**	**3.7**	**3.7**
Adjusted EBITDA	**3.1**	**2.4**	**13.6**	**9.8**	**6.6** [1]
Adjusted EBITDA margin (in %) [1]	**3.4**	**3.3**	**4.1**	**3.9**	**3.7**
Adjustments for exceptional items:					
thereof: inventory write-off in respect of a specific pharmaceutical product [1]	–	–	*0.5*	–	–
thereof: costs for reorganisation and severance payments [1]	–	–	*0.3*	*0.1*	–
Adjusted EBITDA (excluding exceptional items) ("Adjusted EBITDA II") [1]	**3.1**	**2.4**	**14.5**	**9.9**	**6.6**
Adjusted EBITDA margin (excluding exceptional items) (in %) ("Adjusted EBITDA II Margin") [1]	**3.4**	**3.3**	**4.3**	**3.9**	**3.7**
Adjustments for exceptional items:					
Costs for DayDose Activities [1]	–	*0.3*	*0.8*	*1.4*	*1.3*
Adjusted EBITDA (excluding exceptional items and DayDose Activities) ("Adjusted EBITDA III") [1]	**3.1**	**2.7**	**15.3**	**11.2**	**8.0**
Adjusted EBITDA margin (excluding exceptional items and DayDose Activities) (in %) ("Adjusted EBITDA III Margin") [1]	**3.4**	**3.8**	**4.6**	**4.4**	**4.5**

[1] Unaudited and unreviewed.

[2] Including gross profit contribution related to the DayDose Activities of €-12 thousand for the three-month period ended March 31, 2018 and €-14 thousand, €44 thousand and €76 thousand for the fiscal years ended December 31, 2018, 2017 and 2016, respectively.

Since its market entrance in 2012, the Group has had a specific focus on the German market which accounted for approximately 57.0% of the Group's revenue in the fiscal year ended December 31, 2018, while the Netherlands, Sweden, and Denmark accounted for 12.0%, 11.8% and 11.3% of the Group's revenue, respectively. The following table provides additional information on the Group's geographical allocation of revenue for the periods indicated:

	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Denmark	12.2	5.7	37.6	34.8	17.3
Sweden	9.9	7.9	39.3	39.9	40.1
Germany	45.3	45.9	189.6	149.9	102.9
The Netherlands	12.2	8.3	39.8	14.7	8.3
Other countries	10.9	4.1	26.1	13.7	9.3
Total	**90.4**	**71.8**	**332.3**	**253.1**	**177.9**

9.2 Key factors affecting the Issuer's results of operations

The following section discusses the external factors and factors resulting from the Group's operating activities that it believes materially affect its results of operations, financial position and cash flows during the periods for which financial information is included in this Prospectus, and that may continue to have such an effect in the future. For a discussion of certain factors that may adversely affect the Group's results of operations, financial position and cash flows, see the risk factors set out in the section headed "*1. Risk Factors*".

9.2.1 Structural trends in pharmaceutical markets

Abacus Medicine believes the following structural trends to be the key drivers in pharmaceutical markets and in turn, have been and will be essential for the development of demand for Parallel Traded pharmaceutical products:

9.2.1.1 Increase in consumption of prescription pharmaceutical products due to demographic composition trends

Global demographics are undergoing a paradigm shift as birth rates continue to decline while life expectancy continuess to rise. Life expectancy rose steadily in most OECD countries, increasing over ten years on average since 1970, while mortality rates related to the main causes of death, cardiovascular diseases and cancer, have declined. Countries with higher national income and health spending tend to have longer life expectancies (*source: OECD 2017*). For example, a 10% increase in health spending per capita (in real terms) is associated with a gain of 3.5 months of life expectancy (*source: OECD 2017)*. The ageing of the population also increases the prevalence of various age-related diseases and conditions. On average, elderly people are more likely to use multiple pharmaceutical products simultaneously than other age groups. Additionally, the likelihood that an elderly person is using multiple pharmaceutical products increases with age. According to the United Nations Population Fund, one in nine people in the world is currently older than 60 (*source: United Nations*). As living standards, healthcare, and welfare services continue to improve, the proportion of people older than 60 is likely to further rise. Most European countries have an increasingly ageing population. In 2017, nearly one-fifth (19.4%) of the EU population was aged 65 and over. The share of people aged 80 years or over is projected to more than double between 2017 and 2080, from 5.5% to 12.7% of the EU population (*source: Eurostat*). Parallel Trading serves as a method to reduce healthcare expenditures, facilitating the sustainability of the industry. One of the main drivers for the parallel trading industry within the EU was that with the institution of Parallel Trading, governments experienced an overall decline in their pharmaceutical expenditures. EU governments have reported a total of €0.5 billion in healthcare cost savings, comprising direct savings of €16.7 million in Sweden in 2009, €294.0 million in Germany in 2012, €12.8 million in the Netherlands in 2011, and €85.0 million in the United Kingdom in 2011 (*source: EACP 2013*). This demographic shift in spending and the governmental drive for cost savings have spurred and are likely to continue to spur increased spending on healthcare and pharmaceutical products which has significantly impacted the Group's business in the past and is expected to continue to have a significant effect on the Company's revenue and results of operations.

9.2.1.2 Chronification of diseases due to, inter alia, demographic trends

Due to demographic and lifestyle changes, chronic diseases grow in prominence over time. Simultaneously, medical advances have increased survival rates for chronic disease patients, resulting in an increased absolute

number of chronic disease patients who receive lifelong maintenance treatments, such as, for example, "Zejula", a maintenance treatment for recurrent ovarian cancer, fallopian tube cancer, or primary peritoneal cancer that inhibits progression of those chronic diseases. As a result, these patients require more resources and treatment over their lifetimes, a phenomenon which is being referred to among medical professionals as, a "chronification of diseases". In response to this chronification of diseases, more emphasis is being placed on developing programs to manage patients' long-term health and clinical services by market participants such as insurance companies and clinical services and is contributing to growth in healthcare and pharmaceutical product spending (*source: The American Journal of Managed Care, 2017*).

9.2.1.3 Consumption shifting towards high-price pharmaceutical products

Between 2009 and 2015, pharmaceutical product expenditures declined by 0.5% per year on average across the OECD member states, mainly driven by cuts in spending by governmental and compulsory insurance schemes and patent expirations. In recent years, a number of countries, including Germany, Belgium and the United States, have experienced a return to growth in pharmaceutical spending, partly due to steep increases in spending for certain high-price pharmaceutical products such as pharmaceutical products for the treatment of Hepatitis C and cancer (*source: OECD 2017*). According to BARMER, a German statutory health insurance provider, pharmaceutical products expenses increased by 4.0% from 2016 to 2017 while 85.0% of the increase was attributable to increased prices for pharmaceutical products (*source: BARMER 2018*). From 2012 to 2017, the low price segment (below €50 per package) remained at a CAGR of 0.0% and the medium-price segment (€50–€500 per package) grew at a CAGR of 4.1% while the medium-to-high-price segment (€500–€3,000 per package) grew at a CAGR of 12.7% and the high-price segment (above €3,000 per package) grew at a CAGR of 30.0% (*source: QVARTZ; EFPIA 2017).* The European Parallel Trading market is expected to experience further growth at a CAGR (2017 – 2022) of approximately 2.5% (*source: EFPIA; QVARTZ*).

The high-price segment (above €3,000 per package) and the medium-to-high-price segment is expected to grow at a CAGR of 17.4% and 5.7%, while the medium-price segment (€50–€500 per package) slightly decreases at a CAGR of -0.4% and the low-price (up to €50 per package) is expected to decrease at a CAGR of -5.2%. This consumption shift has influenced the Company's revenue in the past and bolstered Abacus Medicine's position as a top three Parallel Trading company in the EEA/EU in 2018, measured by the Company's share of revenue in the high-price segment of 39.0% (above €3,000 per package) and a share of revenue in the medium-to-high-price segment of 26.0% (€500–€3,000 per package) (as measured by the Company's share of revenue in the medium-to-high and high-price segment compared to competitors' share of revenue generated in those segments) (*source: IQVIA MIDAS Quantum December, 2018*). The general composition of Abacus Medicine's product portfolio reflects its strategy to focus on the medium-to-high (€500–€3,000 per package) and high-price segments (above €3,000 per package). In 2018, the high-price and the medium-to-high-price segment accounted for 65.1% of Abacus Medicine's product portfolio. Abacus Medicine generally seeks to maintain a stable margin in its Parallel Trading business and its efforts have resulted in an Adjusted EBITDA margin of 4.1%, 3.9% and 3.7% for the fiscal years ended December 31, 2018, 2017 and 2016, respectively, and an Adjusted EBITDA III Margin (excluding exceptional items and DayDose Activities (as defined below)) of approximately 4.6%, 4.4% and 4.5% for the fiscal years ended December 31, 2018, 2017 and 2016, demonstrating the Group's consistent efforts to promote high, organic growth, while operating profitably in the Parallel Trading industry. Abacus Medicine believes that the demand for high-priced pharmaceutical products will continue to increase and foster legislative support aimed at reducing healthcare costs which could drive Parallel Trading.

9.2.2 Factors Affecting the Business of Parallel Trading

Abacus Medicine believes the following factors are essential to the Parallel Trading business:

9.2.2.1 Free movement of goods in the EU/EEA

The Company's Parallel Trading business in pharmaceutical products is subject to laws and regulations on the level of the EU as well as on a national level in the respective Member State. On the EU level, Parallel Trading is a business form closely connected to the establishment of the single market in the EU because it allows products put on the market by a manufacturer or an authorised distributor in one Member State to be moved to another Member State. Parallel Trading is, therefore, benefitting significantly from the free movement of goods within the EU and European Economic Area (the "**EEA**").

9.2.2.2 European Regulation for Parallel Trading companies

The EU has developed an extensive legal framework for Parallel Trading, including provisions on the licensing, manufacturing and distribution of medicines and pharmaceutical products. The most notable being the Directive

2001/83/EC (the Directive on the community code relating to medicinal products for human use), which provides that only licenced pharmacies and approved retailers are allowed to offer pharmaceutical products. The Company is registered as a parallel trading company, and thus, has to fulfil the same strict quality and safety requirements as the original manufacturers of pharmaceutical products. Accordingly, the Company has to comply with all applicable laws regulating the handling and transport of pharmaceutical products. Compliance with these requirements is monitored by national and EU regulators such as the European Medicines Agency ("**EMA**"). The EU legal framework for Parallel Trading has been developed and amended on numerous occasions in recent decades, requiring the Company to adapt its practices accordingly. Hence, regulatory changes affect the Group's investments and overall costs in addition to investment costs related to obtaining relevant licences.

For example, a recent change in the regulatory framework relates to falsified medicines. Falsified medicines do not pass the usual evaluation of quality, safety and efficiency that is required for the EU authorisation procedure. According to the EMA, falsified medicine is becoming more prevalent as an increasing number of expensive medicines, such as medications for the treatment of cancer, and medicines in high demand, such as antivirals, are falsified. In an effort to counteract this development, the Falsified Medicines Directive 2011/62/EU ("**FMD**") was enacted and came into force on February 9, 2019. The FMD aims to mitigate the volume of counterfeit or unauthorised prescription medicine in the legal supply chain with the introduction of integrated databases at the EU and national levels enabling end-to-end verification of the pharmaceutical products throughout the supply chain using barcodes containing a unique serial number assigned to each unit and tamper evident devices. In order to comply with the FMD, Abacus Medicine has, as of March 31, 2019, invested approximately €1.7 million and will continue to invest in the IT-software and hardware and serialisation equipment necessary to comply with the FMD Directive going forward. In the context of the Packaging Regulation to the FMD, Abacus Medicine uses software and services from two service providers in order to fulfil its requirement to create and upload individual identifiers unique to any given pack on the packaging for its pharmaceutical products into the European Medicines Verification System ("**EMVS**"), a database operated by the European Medicines Verification Organisation (EMVO) that provides an end-to-end verification of each single marketed pharmaceutical package of prescription pharmaceutical products and that is essential to the Group's ability to source, produce and sell pharmaceutical products. Abacus Medicine's implementation was ahead of schedule and since October 2018, the Company is successfully connected to the EMVS. Due to the necessary upfront investments, Abacus Medicine believes that the introduction and efforts of implementing compliance with FMD will lead to a certain degree of consolidation in the market for Parallel Trading because smaller competitors with less financial resources may find FMD compliance to be cost prohibitive and potential new competitors may face higher entry barriers.

9.2.2.3 National regulations and other sales drivers for Parallel Trading

In some countries, the regulatory framework facilitates Parallel Trading. For example, in Denmark, the pharmacy market which is often referred to as the "primary market" has bi-weekly tenders for single pharmaceutical products, and the cheapest product – irrespective of whether it is marketed by an original manufacturer or by a Parallel Trading company –"wins" the tender and the market share for the period of the tender and all pharmacies are obligated to offer all patients this winning cheapest product. Abacus Medicine believes that this framework is a supporting factor for Parallel Trading in Denmark as parallel traded products are often more competitive in terms of pricing.

In Germany, the current regulatory framework provides for a minimum of 5.0% of all prescription pharmaceutical products sold within the statutory healthcare system to be imported from other EEA Member States (so-called import quota). Pursuant to a framework agreement according to § 129 of Volume V of the Social Code (*Fünftes Buch Solzialgesetzbuch* – "**SGB V**") (*Rahmenvertrag über die Arzneimittelversorgung nach § 129 Abs. 2 Sozialgesetzbuch V*) between the Association of German Health Insurance Companies (*Spitzenverband Bund der Krankenkassen*) and the Association of German Pharmacies (*Deutscher Apothekerverband e. V.*) pharmaceutical products must be sold for at least 15.0% or €15.00 less than the product price of the original manufacturer to fulfil the current 5% import quota and to be taken into account by health insurance companies. With effect as of July 1, 2019, this framework agreement will be amended and the aforementioned price quotas will be amended, thereby replacing the import quota of 5%. As a consequence, a parallel imported pharmaceutical product will have to be (i) 15% cheaper in the price range between €0–100.00, or (ii) €15.00 cheaper in the price range between €100.00–300.00 or (iii) 5% cheaper if the price is above €300.00 compared to prices of originally marketed pharmaceutical products. This provision is also reflected in a draft bill of the Federal Government for more safety in the supply of medicines (*Gesetz für mehr Sicherheit in der Arzneimittelversorgung* – "**GSAV**"). The state of Brandenburg, however, recently introduced a motion in the German Federal Council (*Bundesrat*) to abolish the aforementioned quotas altogether (see "*13.1.2.4 German market for Parallel Trading*"). The German Federal Government has so far ignored such motion and a recent

draft bill of the GSAV does currently not contain any provision to abolish any of the aforementioned quotas or to prohibit any agreement thereto. In February 2019, the state of Brandenburg submitted an amendment to the GSAV, which includes the removal of the aforementioned quotas. Most recently, on March 15, 2019, the German Federal Council (*Bundesrat*) provided a statement with respect to the current draft bill of the Federal Government, again, demanding the abolishment of the aforementioned quotas. It is currently expected that the GSAV will be adopted by the German Parliament (*Bundestag*) on June 6, 2019.

Many European countries have also introduced national measures to support Parallel Distribution. Such measures can include requiring pharmacies to sell a minimum percentage of prescription pharmaceuticals imported from other EEA Member States. Even though the Company benefits from such regulatory frameworks and therefore considers them to be an important sales driver, the Company believes not to be overall dependent on them as regulatory frameworks represent only one of several sales drivers for the Company's parallel trade business. The Company believes that the majority of Abacus Medicine's parallel trade sales in the German market result from import quota independent sales drivers, the most important being the increasing number of discount contracts which parallel importers enter into with German health insurance companies to promote sales on specific product lines. The number of products with discount-contracts increased from 72 products in January 2017 to 224 products by the end of the fiscal year 2018 and thus more than tripled. Other drivers are the so called "*Wirtschaftlichkeitsgebot*", which forces German pharmacies to buy one of the three cheapest available products listed on the market, and the increasing relationships with pharmacies as well as delivery and quality performance. Against this background, the Company believes that potential negative effects from any abolishment of the German import quota would to a large extent be offset by the increasing significance of other import quota independent sales drivers.

9.2.2.4 Governmental focus on decreasing public healthcare spending

Similar to other health care functions, the costs of pharmaceutical products are predominantly covered by government financing or compulsory insurance schemes. Coverage is most generous in Denmark, Sweden and the United Kingdom where government and compulsory insurance schemes pay for 80.0% or more of all pharmaceutical costs while in Germany, France and Slovakia the government and compulsory insurance schemes pay for 75.0% (*source: OECD 2017*). As a response to mounting pressures on public budgets, many governments made reducing pharmaceutical expenditures a priority in an effort to reduce public spending and this trend supports, and is expected to continue to support, the market for Parallel Trading. Thus, during the periods indicated in this section of the Prospectus, these governmental priorities have lead and are expected to continue to lead, to increases in the Group's results of operations.

9.2.2.5 Deviating pricing models and tax rates for pharmaceutical products across Europe

In order for Parallel Trading to be profitable, sufficient price discrepancies between EU countries must exist. Such discrepancies may result from differences in manufacturer pricing models or in pharmaceutical regulation and these inform the Company's decisions for sourcing of pharmaceutical products. Pharmaceutical regulation may restrict pricing (*i.e.,* via price caps) or control reimbursement (*i.e.,* via reference prices). While Denmark, the United Kingdom and to some extent Germany implemented free pricing models, a number of EU countries control and limit prices by way of various methods including commonly applied regulatory instruments such as price caps and reference pricing. While pricing restrictions generally limit fluctuations in pharmaceutical product prices, for example, in Germany, many EU and EEA Member States from which Abacus Medicine sources its pharmaceutical products for Parallel Trading, are not subject to similar pricing restrictions or any pricing restrictions. As a result, prices for pharmaceutical products in these EU and EEA Member States may experience greater pricing fluctuations, which, in turn, may increase or decrease the margin Abacus Medicine is able to generate from Parallel Trading.

Further, the level of value-added tax ("**VAT**") applied to pharmaceutical products also affects prices of prescription-only pharmaceutical products, and thus, the Parallel Trading market. The VAT rate for pharmaceutical products varies across EU and EEA Member States from no VAT *in* the United Kingdom and Sweden (standard VAT rates are applied to over-the-counter medicines) to 25% in Norway and Denmark and 19% in Germany (*source: Statista*). In other European countries, reduced VAT rates range between 4% in Spain and 10% in Austria, Finland and Italy (*source: EFPIA 2018*). As a result of the above-mentioned factors, price discrepancies for pharmaceutical products may change and thereby affect the Group's margins.

9.2.2.6 Increase in pharmaceutical products patents granted in Europe

Abacus Medicine trades original pharmaceutical products with valid patent protection. Since 2011, the number of pharmaceutical products patents granted in Europe increased significantly at a CAGR of 9.0% in 2017, from

1,820 pharmaceutical products patents granted in 2011 to 3,121 pharmaceutical products patents granted in 2017 (*source: European Patent Office*). Abacus Medicine believes that the increase of patents for pharmaceutical products granted in Europe will foster stability in the Parallel Trading market going forward and will mitigate potential adverse effects due to the so-called "patent cliff", a term used to describe the effects of patent protection expiration as the duration of a patent protection is limited and generally expires after 15–20 years. Patent expiration generally leads to the introduction of patent-free pharmaceutical products, "generics" and thus, to pricing pressure and loss of market share for the original manufacturer. Patent expiration generally leads to the introduction of patent-free pharmaceutical products and thus, to pricing pressure and loss of market share for the original manufacturer. Additionally, some expired patents were for biologic treatment products (*e.g.*, Enbrel, the first biologic treatment approved for moderate to severe rheumatoid arthritis). Biological treatment products tend to keep a higher market share after patent expiration than traditional pharmaceutical products. Biosimilars are the equivalent of patent-free products for traditional pharmaceutical products, however, because biologics are considerably more complex than traditional pharmaceutical products, it is not possible to copy their structure exactly and this leads to possible differences in efficiency and safety for biosimilars and inhibits the development of biosimilars to replace the related biological treatment. While revenue related to patent-free pharmaceutical products does not necessarily stop immediately, Abacus Medicine continuously monitors patent expirations, *inter alia,* for its top pharmaceutical products and the expected impact on prices for such products with the aim of selling the relevant pharmaceutical product in alternative ways utilising its multi-market sales channel.

9.2.2.7 Growth of biologic and biosimilar pharmaceutical market with increased market for high-priced products for Parallel Trading

Biologic pharmaceuticals are expected to represent an increasing share of the global pharmaceutical market (from 17.0% in 2010 to 30.0% in 2024) (*source: Evaluate Pharma 2018*). Biologic pharmaceuticals often have significantly more expensive research and development and production costs. When patent protection or other exclusivity rights for biological pharmaceuticals expire, patent-free pharmaceutical products "biosimilars" enter the market. However, as biosimilars also have more expensive research and development and production costs, even though they are priced below the original manufacturer biological pharmaceuticals, they do not experience the same degree of price reduction patterns as standard (non-biological) generic pharmaceuticals. In the Company's view, the biosimilar segment offers an attractive new product segment for Parallel Trading. Abacus Medicine has in the past and is continuing to trade biosimilars as part of the Group's product portfolio. Biologic and biosimilar pharmaceutical products have been and are expected to continue to be important sources of revenue for the Company and as such the Company expects to benefit from the global growth of this segment.

9.2.3 Other factors affecting the Group's business

9.2.3.1 Obtaining licences for new pharmaceutical products

Abacus Medicine's revenue is closely connected with pharmaceutical licences granted by the national medicines authorities or the EMA enabling the Parallel Trading of original pharmaceutical products within the EU/EEA. Consequently, Abacus Medicine reviews the market for complementary pharmaceutical products to include in its Parallel Trading business. Following the filing of applications with the EMA or the competent national authorities for the required pharmaceutical licence, Abacus Medicine then applies for a licence either in all potential sales markets or only in selected markets based on a case-by-case analysis. The period for obtaining such EMA licences is a maximum of approximately 60 working days in most cases. The period for obtaining national licences ranges from one to 12 months. Pharmaceutical products that are subject to a centralised European marketing authorisation for multiple Member States, known as multiple country licences, which are licences that allow for selling to multiple countries that are clustered based on a common language, *i.e.* Germany and Austria, the United Kingdom, Ireland and Malta, Belgium and Luxembourg, Cyprus and Greece, only require Abacus Medicine to notify the EMA by means of a notification of change (lead time: one month) or through an annual update (lead time: three months). Upon receipt of the respective licences, such introduction of new pharmaceutical products leads to additional revenue for the Company as well as to an increase in operating income if the relevant pharmaceutical product belongs to a high-margin category.

As at March 31, 2019, Abacus Medicine had a portfolio of licences consisting of 3,618 licences. The total number of licences (*i.e.*, the total number of licences granted by the EMA and national authorities to the Group) increased from 1,709 in 2016 to 2,515 in 2017 and to 3,186 in 2018 (including dormant licences as well as multiple country licences which are licences that allow for selling to multiple countries that are clustered based on common language, *i.e.*, Germany and Austria; the United Kingdom, Ireland and Malta; Belgium and Luxembourg; Cyprus and Greece). This portfolio of licences and its multi-sales channel strategy decreases

Abacus Medicine's dependency on any particular market and allows the Group the flexibility to shift sales to other markets. In line with the increase in pharmaceutical licences, Abacus Medicine's revenue increased to €332.3 million in the fiscal year ended December 31, 2018 (2017: €253.1 million; 2016: €177.9 million) and grew at a CAGR of 36.7% from 2016 to 2018.

9.2.3.2 Sourcing capabilities and supply chain management

In the Company's view, the successful implementation of its product strategy is dependent on the availability of sufficient supply of its pharmaceutical products. Given that sourcing capabilities are a key factor for its success, Abacus Medicine developed a large network of suppliers in a variety of Member States across the EU/EEA, which has expanded continuously over recent years and is well diversified across supplier entities and European countries.

Similar to the growing number of more than 200 active suppliers (*i.e.*, suppliers from which the Group has sourced pharmaceutical products within the last 12 months), the number of countries in which suppliers are located increased from 12 in 2007, to 22 in 2012, to 28 in 2018 and remained at 28 in the three-month period ended March 31, 2019. Abacus Medicine's robust sourcing capabilities are also supported by its increasing importance as a purchaser. Abacus Medicine's sourcing spent increased by 41.1%, or €67.7 million, from approximately €164.6 million in the fiscal year ended December 31, 2016 to approximately €232.3 million in the fiscal year ended December 31, 2017 and by 37.8%, or €87.7 million to approximately €320.0 million in the fiscal year ended December 31, 2018. During the three-month period ended March 31, 2019, the Group sourced 56.9% from its top 20 suppliers (on a group level) and the Group's largest supplier (on a group level) accounted for 7.2% of the total sourcing spent in the three-month period ended March 31, 2019 (fiscal year ended December 31, 2018: 9.0%; fiscal year ended December 31, 2017: 5.3%; fiscal year ended December 31, 2016: 6.1%). To the best knowledge of the Company, the various entities of its suppliers act independently from each other in their respective jurisdiction. Thus, the Company believes not to be dependent on any of them as no supplier (on an entity level) contributed more than 6.5% of sourcing spent in the three-month period ended March 31, 2019 (fiscal year 2018: 6.5%; 2017: 5.1%; 2016: 6.1%). In the three-month period ended March 31, 2019, the top seven sourcing countries (on an entity level) accounted for approximately 68.8% of sourcing spent while in the same period 15.1% were sourced from suppliers in the Company's top sourcing country (fiscal year 2018: 13.1%; 2017: 12.1%; 2016: 12.9%; with two different countries being the top sourcing country of the Company in the four periods indicated).

9.2.3.3 Analytic business intelligence tools

Abacus Medicine uses technically advanced analytic business intelligence tools. For example, its proprietary IT-system Motrix was designed and integrated for analysing diverse and complex data in real time and at any stage of the value chain. Motrix enables the analysis of sourcing and sales opportunities based on volume and pricing potential, freight considerations, and other market conditions such as currency fluctuations. Motrix manages the entire business process flow, including supplier information, product analysis, purchase, production and inventory management to final decision-making in day-to-day-operations which provides Abacus Medicine a high level of transparency and access to information and thereby helps to minimise price risks and optimise processing time. The system also manages regulatory guidelines, minimising the risk of errors. Motrix also contains a cost allocation system which provides a real-time overview of the cost related to the products and end-market pricing. Motrix is developing further and is currently maintained by a team of eigth employees that has grown from just one employee in 2004 and has significantly contributed, and is expected to continue to contribute to the Group's growth. Abacus Medicine is currently investing in other IT systems and production technology and has recently implemented the first phase of its new ERP system (Microsoft Dynamics 365) in January 2019 with further roll-outs of additional functions or entities planned for 2019 and 2020.

9.2.3.4 Competition

As Parallel Trading is a highly regulated industry, market participants are subject to relatively high entry barriers. Due to this, growth in market share (as measured by share in revenue) is generated by competing for a limited number of respective customers who, for Abacus Medicine, are as of the date of the Prospectus, wholesalers, hospitals and pharmacies with direct sales in 12 European countries. Competition in Parallel Trading is mainly based on price as Parallel Trading companies compete with the original marketing authorisation holder or manufacturer and other market participants active in Parallel Trading. Another key driver, especially with regard to sales to hospitals, but also for other customers, is the continuity and availability of the product range of the company active in Parallel Trading *i.e.*, its sourcing capabilities. The quality of the repackaging in terms of clarity of information is also important for customers of the Group when choosing their supplier.

The European Parallel Trading market is fragmented and includes 117 Parallel Trading companies (*source: IQVIA MIDAS Quantum 2018*). The top 20 European Parallel Trading companies (as measured by share of revenue) accounted for a 75.0% market share in 2018 (*source: Company's own calculation based on IQVIA MIDAS Quantum December 2018)*. During the periods under review, Abacus Medicine has successfully established its market share in its core European markets. In 2018, Abacus Medicine ranked third with share of revenue in the high-price segment (above €3,000 per package) of 39.0% and a share of revenue in the medium-to-high-price segment (€500–€3,000 per package) of 26.0% (as measured by the Company's share of revenue in the medium-to-high and high price segment compared to competitors' share of revenue generated in those segments) (*source: QVARTZ; IQVIA MIDAS Quantum December 2018*). Furthermore, Abacus Medicine was among the top three Parallel Trading companies in the EEA/EU in 2018, with a market share of 16.1% (as measured by share of revenue in the total high-price segment) in the high-price segment (above €3,000 per package) and among the top eight Parallel Trading companies with a market share of 7.6% in the medium-to-high-price segment (€500–€3,000 per package) (*source: IQVIA MIDAS Quantum December, 2018*). The Company generates the largest share of its profits in the German market and most of the Company's pure Parallel Trading competitors also operate in the German market. Despite this continued competition from large international competitors active in multiple regional markets as well as smaller competitors conducting business only in certain markets, the Group was able to grow revenue at a CAGR of 36.7% from 2016 to 2018.

9.2.3.5 New business operations following the acquisition of Aposave

Abacus Medicine acquired several companies from Medcomb Holding ApS, a company held by the shareholders of Wagner Family Holding ApS (see "*19.1. Relationships and transactions with related parties.*"). The largest of these transactions (as measured by enterprise value) was the acquisition of 100% of the shares and voting rights of Aposave Ltd. (United Kingdom), Aposave Asia Ltd. (Hong Kong) and Aposave USA Inc. (USA) (hereinafter referred to as "**Aposave Entities**") on December 21, 2017 at a purchase price of €0.8 million (DKK 5.6 million) (by way of a debt note). The Aposave Entities supply original manufacturers with drugs to perform clinical trials services (*e.g.*, comparator drugs) and sell Unlicensed Medicine globally, with a focus on regions where these pharmaceutical products are either not licenced or in short supply. The vision is to become the eminent supplier for hospital pharmacies and pharmaceutical companies within the next five years. The synergies from the acquisition of the Aposave Entities are expected to be primarily derived from Abacus Medicine's sourcing network and its sourcing capabilities which the Company believes to be a key factor for both Clinical Trial Services and Unlicensed Medicine.

Abacus Medicine's sourcing capabilities provide access to new business opportunities which the Company believes to be attractive in the future for generating revenue: Unlicensed Medicines, Managed Access Programs and Clinical Trials Services. The activities related to Unlicensed Medicine can be split into two parts: MAP and ULM. MAP are controlled mechanisms that allow a group of patients to gain access to medicine that is still in clinical development and has not yet been registered. Pharmaceutical and biotech companies typically outsource these programs to a specialist provider on a fee-for-service-basis. Later in the product pharmaceutical lifecycle, once a product has been registered in at least one country, ULM can be provided to patients who require access to a medicine that is not registered in the patient's country.

Both Abacus Medicine and the Aposave Entities source newly-registered US and EU origin pharmaceutical products as part of their Unlicensed Medicine businesses and supply them globally to hospitals, pharmacies and medical professionals in countries where these medicines are either not yet licenced or registered (mainly due to longer registration periods) or in short supply. The Group supplies its Clinical Trial Service business customers either through Abacus Medicine (for EU customers) or Aposave (for non-EU customers).

Although these strategic options are still in the start-up phase, Abacus Medicine has already entered into the initial phase of supplying customers with Unlicensed Medicine and comparator pharmaceutical products for Clinical Trial Services. Within the EU, Abacus Medicine is currently supplying both pre-clinical and phased trial medicines to other suppliers. Aposave's revenue from its Unlicensed Medicines activities amounted to €1.8 million in the fiscal year ended December 31, 2018, while the revenue for Aposave's Clinical Trial Services business amounted to €1.9 million in the fiscal year ended December 31, 2018. As Aposave was acquired in 2017, its businesses did not contribute to the Group revenue in other previous periods. The Company believes that these strategic opportunities will allow the Group to capitalise on the combined broad know-how and sourcing network of Abacus Medicines and Aposave.

From the date of the acquisition of the Aposave Entities (December 21, 2017), the Aposave Entities contributed €0.0 of revenue and €0.0 to profit before tax from operations of the Company in the fiscal year ended December 31, 2017. If the combination had taken place at the beginning of the fiscal year ended December 31, 2017, revenue from continuing operations would have been €0.1 million and profit before tax from operations

for Abacus Medicine would have been €-0.2 million. There have been no significant transaction costs in connection with the acquisition.

9.2.3.6 Divesture of DayDose

DayDose is a food supplement, which was developed by Medcomb ApS, a former subsidary of Medcomb Holding ApS ("**Medcomb Holding**") whose shares are held by the shareholders of Abacus Medicine (see "*19.1.3. Purchase and subsequent sale and transfer of rights related to DayDose*".). In 2016, Abacus Medicine was granted exclusive rights to produce, market and sell DayDose products in Europe. In December 2017, Abacus Medicine acquired IP including patents, designs, trademarks, domains and copyrights of DayDose as well as all documentation, production knowledge and know-how including specifications, registrations, licences and certifications relating to DayDose (all such exclusivity rights and IP together are hereinafter referred to as the "**DayDose Activities**") from Medcomb Holding at a purchase price amounting to €1.1 million.

On October 11, 2018 Abacus Medicine and DayDose ApS, a company wholly-owned by Wagner Family Holding ApS, entered into an agreement for the sale of the DayDose Activities to DayDose ApS with retroactive effect as of September 1, 2018. Abacus Medicine's Management decided to divest the DayDose Activities because it no longer considered the DayDose Activities to be a part of Abacus Medicine's core business going forward. The net sales price obtained for the sale of DayDose Activities amounted to approximately DKK 8.0 million or approximately €1.1 million (which corresponds to the book value as per August 31, 2018) and was paid by way of a debt note, which carries an interest at 5% and the note has to be paid by DayDose ApS in full including accrued interest on December 31, 2019 (see "*19.1.3. Purchase and subsequent sale and transfer of rights related to DayDose (DayDose Activities)*).

The DayDose Activities impacted the Group's revenue, gross profit, operating profit before depreciation and amortisation (EBITDA) and profit before tax in the fiscal years ended December 31, 2017 and December 31, 2016. There was no significant working capital associated with the DayDose Activities in the fiscal years ended December 31, 2018, December 31, 2017 and December 31, 2016. DayDose's EBITDA contribution was €-0.8 million, €-1.4 million and €-1.3 million in the fiscal years ended December 31, 2018 and the fiscal years ended December 31, 2017 and December 31, 2016, respectively.

9.2.3.7 Exchange rate fluctuations

Due to its multi-market sales strategy across the EU and EEA, Abacus Medicine generates some of its revenue and incurs some of its expenses in foreign currencies, in particular, the Swedish Kroner (SEK), British Pound (GBP) and the Norwegian Kroner (NOK). The exchange rates between these currencies and Abacus Medicine's reporting currency, the Euro (€), and the Danish Kroner remain volatile. Since income and expenses in those foreign currencies rarely match during a specific reporting period, changes in the value of those foreign currencies, some of which have been very volatile in the past, relative to each other and to the Euro could negatively affect the Company's earnings (see "*1.3.9. Differences in exchange rates may materially adversely affect the value of shareholdings or dividends paid.*")*.*

9.2.3.8 Working capital management

Parallel Trading is a cash intensive industry and the Group therefore carries out regular liquidity planning to cover day-to-day operations and for the purpose of ensuring financial stability and account for unforeseen liquidity needs. The Group has endeavoured to put a balanced financing structure in place based on a combination of various financing components. The Group's ability to optimise its level of working capital is an important success factor for the Group.

The Group had an overdraft credit facility with Danske Bank A/S ("**Danske Bank**") with a current credit limit of approximately €19.4 million (DKK 145.0 million) (the "**Initial Multi-Option Facility Agreement**") (see "*14.1. Secured DKK 245 million Multi-Option Facility Agreement*."). The Initial Multi-Option Facility Agreement was the Company's core source of external financing. In addition to the Initial Multi-Option Facility Agreement, the Company had an overdraft credit facility with a current credit limit of approximately €7.4 million (DKK 55.0 million) and another overdraft credit facility with a current credit limit of approximately €6.0 million (DKK 45.0 million) (together the "**Overdraft Facilities**"). The Initial Multi-Option Facility Agreement and the Overdraft Facilities were refinanced by a newly conducted DKK 245.0 million multi optional currency facility agreement (the "**Multi-Option Facility Agreement**") entered into with Danske Bank on October 10, 2018. As per December 31, 2018 and as per March 31, 2019, the Company was in breach of a solvency covenant under the Multi-Option Facility Agreement as and did not generate anticipated proceeds from its initial intend to conduct a public offering in October 2018. However, waivers have been granted by Danske Bank on December 19, 2018 and on May 9, 2019. By way of an addendum to the Multi-Option Facility Agreement dated May 9,

2019, the solvency ratio has been reduced until June 30, 2020 to a lower level at which the Company would not have been in breach with the respective covenant as of the respective dates mentioned above. Another waiver had been granted by Danske Bank by way of another addendum to the Multi-Option Facility Agreement dated February 6, 2019 following the Company's breach of an undertaking under the Multi-Option Facility Agreement as a result of the granting of a convertible loan to Pluripharm Groep B.V. with the option to convert such loan into 70% of shares of Goofy-Sam Holding B.V. ("**Goofy-Sam**") (see "*14.3. Convertible loan granted to Pluripharm Groep B.V.*"). According to such addendum, the Company shall undertake not to acquire any other company or invest in shares (including by way of a capital contribution), equity, a business or undertaking without the bank's prior written consent provided that the consideration does not exceed DKK 20,000,000 (or its equivalent) in any financial year and (ii) may request to the bank to accept a conversion of the convertible loan granted to Pluripharm which Danske Bank may decline in its absolute discretion. Unless such a request has not been made the lender may terminate the Multi-Option Facility Agreement and declare all amounts due and payable.

In addition to the Multi-Option Facility Agreement, mentioned above, the Company has been able to take advantage of the VAT settlement periods in Germany and flexibility in the repayment terms of other payables to positively affect the Group's liquidity position. The Company has accumulated VAT debt in Germany amounting to €33.4 million for the fiscal year ended December 31, 2018, which will become due in August 2019; since the beginning of the fiscal year 2019, the Company has made monthly VAT filings and payments as it is not able to accumulate VAT debt anymore. Following its postponed IPO in October 2018, Abacus Medicine has used part of the interest-free German VAT liabilities to bridge-finance the growth initiatives to achieve its growth targets in line with its guidance if the proceeds from such intended IPO in October 2018 would have been raised. Additionally, parts of the accumulated VAT has been used to build up the inventory cushion by the end of 2018 to ensure delivery to customers in the three-month period ended March 31, 2019 during the successful implementation of both ERP and FMD systems. Abacus Medicine plans to finance the payment of its German VAT liability through its own internal measures, using a combination of its bank credit facility and a reduction in working capital (including revenues from further reductions of the temporarily increased inventory levels).

Abacus Medicine achieved relatively high inventory turnover (*i.e.,* the number of times inventory is sold or used) of 6x in the fiscal year ended December 31, 2018 (2017: 8x; 2016: 11x) taking into account an inventory build-up following the strategic decision of the Company's management to use parts of the accumulated VAT debt to increase the Company's inventory as a safety cushion by the end of 2018. Following the successful implementation of the ERP system and FMD introduction, this inventory safety cushion is not needed any longer, reducing inventory levels again and thus increasing inventory turnover.

As at the date of this Prospectus, Abacus Medicine is party to a factoring agreement with AL Finans A/S ("**AL Finans**") with a current credit limit of €63.8 million (DKK 475.0 million) (December 31, 2018: 63.7 million; December 31, 2017: €47.0 million, December 31, 2016: €33.6 million) as originally entered into in March 2013 and as amended from time to time, the (the "**Factoring Agreement**") (see "*14.2. Factoring Agreement*".). As of October 1, 2018, the Company's credit limited under the factoring agreement with AL Finans on €57.1 million (DKK 425 million) was increased by DKK 100 million to DKK 525 million. The increase of DKK 100 million came into effect from November 1, 2018 with DKK 25 million per quarter, so the full increase is effective from July 1, 2019. The Factoring Agreement applies to invoices issued by the Company, Abacus Medicine Berlin GmbH and Originalis B.V. The Factoring Agreement constitutes a programme for the sale of trade receivables on full non-recourse terms and enables the Group to optimise its working capital and more efficiently manage its cash flow. The Factoring Agreement with AL Finans has been in place for several years, with the credit limit being increased over the years to match the increase in activity. Up until August 2017, the Factoring Agreement was predicated on a financing model, and 90% of the sales invoiced submitted to AL Finans were financed by AL Finans making loans to the Group in the amount of the invoices, provided that customer's credit rating is sufficient. In August 2017, the Factoring Agreement was changed to an off-balance sheet model, whereby AL Finans purchases the invoices if the customers have a sufficient credit rating. Under the Factoring Agreement, as amended to be an off-balance sheet factoring scheme, 100% of the invoices submitted to AL Finans are paid in cash to the Group by AL Finans no later than the day after the invoice is issued. As a result, trade and other receivables sold pursuant to the Factoring Agreement are being derecognised. This reduces the credit risk associated with invoices as the credit risk is passed on to AL Finans when the Group sells the invoiced receivables to AL Finans and allows the Group to move related debts off its balance sheet.

As of March 31, 2019, the Group had unused credit facilities with Danske Bank amounting to €16.1 million and an unused credit line under the Factoring Agreement amounting to €18.6 million.

9.3 Results of operations

The following table presents Abacus Medicine's results of operations (income statement) for the periods indicated:

	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio., unless specified otherwise)		(in € mio., unless specified otherwise)		
	(reviewed)		(audited, unless specified otherwise)		
Revenue [1]	90.4	71.8	332.3	253.1	177.9
Cost of sales [2]	-79.2	-63.4	-291.5	-223.7	-157.2
Gross profit [3]	11.2	8.4	40.8	29.3	20.7
Other external costs	-2.4	-1.7	-8.2	-6.7	-4.5
Staff costs (Personnel expenses)	-5.7	-4.3	-19.0	-12.9	-9.6
Operating profit before depreciations, amortization and special items ("**Adjusted EBITDA**") [4]	3.1	2.4	13.6	9.8	6.6
Special items [5]	–	–	-1.1	-0.4	–
Operating profit before depreciations and amortization ("**EBITDA**") [6]	3.1	2.4	12.6	9.4	6.6
Depreciation and amortisation	-1.2	-0.7	-2.7	-1.9	-1.5
Operating profit (EBIT)	1.9	1.7	9.9	7.6	5.1
Finance income	0.0	0.0	0.1	0.2	0.2
Finance expenses	-0.5	-0.6	-2.6	-1.6	-0.8
Profit before tax	1.5	1.2	7.4	6.1	4.5
Tax	-0.4	-0.3	-2.0	-1.8	-1.2
Profit for the period	**1.1**	**0.8**	**5.4**	**4.3**	**3.3**
Earnings per share (in €) [7]	0.1	0.1	0.7	0.6	0.5
Diluted earnings per share (in €) [8]	0.1	0.1	0.7	0.6	0.5

[1] Revenue includes revenue contribution of €-0.1 million for the three-month period ended March 31, 2018 and €-0.1 million, €0.2 million and €0.4 million for the fiscal years ended December 31, 2018, 2017 and 2016, respectively, which were related to exclusive producing, marketing and distribution activities carried out by the Company under the brand DayDose and in connection with the Company`s purchase of intellectual property rights related to DayDose in the fiscal year ended December 31, 2017 (the "**DayDose Activities**").

[2] Cost of sales includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018. Cost of sales of the DayDose Activities is internally calculated by the Company as 80% of revenue related to the DayDose Activities whereas negative revenue related to the DayDose Activities corresponds to positive cost of sales.

[3] Gross profit includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018. Gross profit also includes gross profit contribution related to the DayDose Activities of €-12 thousand for the three-month period ended March 31, 2018 and €-14 thousand, €44 thousand, €76 thousand for the fiscal years ended December 31, 2018, 2017 and 2016, respectively. Gross profit was referred to as „Product profit" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

[4] Adjusted EBITDA includes net costs (staff costs and other external costs) related to the DayDose Activities amounting to approximately €0.3 million, €0.8 million, €1.4 million and €1.3 million in the three-month period ended March 31, 2018 and the fiscal years ended December 31, 2018, 2017 and 2016, respectively. Further, Adjusted EBITDA includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018 as well as severance payments to a former senior management member and resigned DayDose employees of €0.3 million in the fiscal year ended December 31, 2018 and one-off reorganisation costs of €59 thousand (comprising of legal expenses relating to corporate reorganisation in connection with DayDose Activities as well as the acqusition of Aposave ApS and Originalis B.V.) in the fiscal year ended December 31, 2017. Unaudited for the fiscal year ended December 31, 2016.

[5] Special items are costs incurred in connection with the preparation of the initial public offering (the "**IPO**"), the conversion of the consolidated financial statements from local Danish GAAP to IFRS prior to the IPO as well as costs for external advisors engaged in connection with the preparation of the IPO.

[6] EBITDA includes net costs (staff costs and other external costs) related to the DayDose Activities amounting to approximately €0.3 million, €0.8 million, €1.4 million and €1.3 million in the three-month period ended March 31, 2018 and the fiscal years ended December 31, 2018, 2017 and December 31, 2016, respectively. Further, EBITDA includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018 as well as severance

payments to a former senior management member and resigned DayDose employees of €0.3 million in the fiscal year ended December 31, 2018 and one-off reorganisation costs of €59 thousand (comprising of legal expenses relating to corporate reorganisation in connection with DayDose Activities as well as the acqusition of Aposave ApS and Originalis B.V.) in the fiscal year ended December 31, 2017.

[7] The figure "Earnings per share (in €)" as of and for the fiscal year ended December 31, 2017 is a comparative figure which was taken from the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018. The figure "Earnings per share (in €)" as of and for the fiscal year ended December 31, 2016 is unaudited.

[8] The figure "Diluted earnings per share (in €)" as of and for the fiscal year ended December 31, 2017 is a comparative figure which was taken from the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018. The figure "Diluted earnings per share (in €)" as of and for the fiscal year ended December 31, 2016 is unaudited.

9.3.1 Revenue

Revenue comprises primarily revenues from Abacus Medicine's business (*i.e.*, the sourcing and sale of prescription pharmaceutical products imported and resold across EU and EEA Member States, in particular in Germany) and revenue from the Group's Unlicensed Medicine business and its Clinical Trial Services business, which was fully recognized in the audited consolidated financial statements of Abacus Medicine as of the fiscal year ended December 31, 2018. Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to the customer.

The following table provides an overview of Abacus Medicine's revenues by region for the periods indicated:

Country	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Denmark	12.2	5.7	37.6	34.8	17.3
Sweden	9.9	7.9	39.3	39.9	40.1
Germany	45.3	45.9	189.6	149.9	102.9
Netherlands	12.2	8.3	39.8	14.7	8.3
Other countries	10.9	4.1	26.1	13.7	9.3
Total	**90.4**	**71.8**	**332.3**	**253.1**	**177.9**

9.3.1.1 Comparison of the three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, revenue increased from €71.8 million in the three-month period ended March 31, 2018 by €18.6 million, or 25.9%, to €90.4 million, reflecting the increase in Parallel Imports and Parallel Distribution. In the three-month period ended March 31, 2019, the activities of Aposave contributed revenue of €1.8 million, of which €1.0 million were attributable to the Unlicensed Medicine business while €0.8 million were attributable to Clinical Trials Services.

The DayDose Activities had a negative effect on revenue of €-0.1 million in the three-month period ended March 31, 2018 and no effect in the three-month period ended March 31, 2019 due to the divesture of DayDose Activities in 2018.

From a geographic perspective, revenue achieved in the three-month period ended March 31, 2019 generally continued to increase across the Group's most important markets, with strong growth in Sweden, Denmark, the Netherlands and Other countries, except for Germany, where revenue slightly decreased compared to the three-months period ended March 31, 2018.

Revenue in Denmark increased from €5.7 million in the three-month period ended March 31, 2018, by €6.5 million, or 114.0%, to €12.2 million in the three-month period ended March 31, 2019, due to gains in market share among hospitals.

Revenue in Sweden increased from €7.9 million in the three-month period ended March 31, 2018 by €2.0 million, or 25.3%, to €9.9 million in the three-month period ended March 31, 2019, due to the benefits of the Group's ongoing efforts to build-up longstanding relationships with pharmacies which resulted in new pharmacy chain customers. In particular, these new pharmacy chain customers provide information that allows the Group to quickly adapt to changes in the prevailing market prices and to seek authorisations for specific parallel traded pharmaceutical products closer in time to increases in demand for such pharmaceutical products in pharmacies. This allows the Group to increase sales of such pharmaceutical products ahead of competitors and solidifies the

Group's relationships with the pharmacies. Although the Swedish currency value declined against the Euro in the three-month period ended March 31, 2019, the Group managed to add new pharmaceutical products to its product portfolio which increased sales volume and over-compensated for the decrease in the currency value and resulted in an increase in revenue.

Revenue in Germany slightly decreased from €45.9 million in the three-month period ended March 31, 2018 by €0.6 million, or -1.3%, to €45.3 million in the three-month period ended March 31, 2019. Due to the implementation of a new ERP system and the FMD system beginning of 2019, the Company decided to slightly reduce production for the German market in the three-month period ended March 31, 2019, with the result of sales in Germany being marginally below the level experienced in the three-month period ended March 31, 2018. However, the general German market remained very positive in three-month period ended March 31, 2019.

Revenue in the Netherlands increased from €8.3 million in the three-month period ended March 31, 2018 by €3.9 million, or 47.0%, to €12.2 million in the three-month period ended March 31, 2019, due to successful hospital tenders including, winning more tenders for "hospital purchasing groups", sales to new hospitals as bilateral deals.

Revenue from Other countries increased from €4.1 million in the three-month period ended March 31, 2018 by €6.8 million, or 165.9%, to €10.9 million in the three-month period ended March 31, 2019 primarily due to the expansion of the Group's customer and product base in Austria, Finland and the United Kingdom, as well as growth in the other new markets of Abacus Medicine, including Belgium, France, Ireland, Luxembourg and Norway.

9.3.1.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Revenue increased from €253.1 million in the fiscal year ended December 31, 2017 by €79.2 million, or 31.3%, to €332.3 million in the fiscal year ended December 31, 2018, reflecting the increased volume in Parallel Imports and Parallel Distribution and the utilisation of accumulated VAT debt in the fiscal year ended December 31, 2018 (see section "*9.2.3.8. Working capital management.*").

In the fiscal year ended December 31, 2018, the activities of Aposave contributed revenue of €3.2 million, of which €1.7 million were attributable to the Unlicensed Medicine business while €1.5 million were attributable to Clinical Trials Services. The DayDose Activities had a negative effect on revenue of €-0.1 million in the fiscal year ended December 31, 2017 and revenue of €0.2 million in the fiscal year ended December 31, 2018 due to returned goods.

From a geographic perspective, revenue generally increased across the Group's most important markets, Germany, Denmark, the Netherlands and Other countries whereby growth was primarily driven by Abacus Medicine's strong performance in Germany and the Netherlands.

Revenue in Denmark increased from €34.8 million in the fiscal year ended December 31, 2017 by €2.8 million, or 8.0%, to €37.6 million in the fiscal year ended December 31, 2018, due to gains in market share among hospitals. Such gains were driven by successful hospital tenders and supported by the liquidation of a Danish competitor, Europharma ApS. Europharma ApS went into liquidation in the fourth quarter of 2017, following the withdrawal of its Good Manufacturing Practice Certification and the corresponding ban on Europharma ApS prohibiting Europharm Aps to manufacture or repackage pharmaceutical products.

Revenue in Sweden decreased slightly from €39.9 million in the fiscal year ended December 31, 2017 by €0.6 million, or 1.5%, to €39.3 million in the fiscal year ended December 31, 2018, mainly due to decline of the Swedish currency value against the Euro in the fiscal year ended December 31, 2018, partly offset by an increase in sales volume due to an expansion of Abacus Medicine's product portfolio.

Revenue in Germany increased from €149.9 million in the fiscal year ended December 31, 2017 by €39.7 million, or 26.5%, to €189.6 million in the fiscal year ended December 31, 2018, mainly due to a new collaboration with a new wholesale customer established in the fiscal year ended December 31, 2018. Further, in February 2018, the Group established an inventory facility in Berlin, to be able to supply its German customers more efficiently, which has also driven an increase in sales on the German market.

Revenue in the Netherlands increased from €14.7 million in the fiscal year ended December 31, 2017 by €25.1 million, or 170.7%, to €39.8 million in the fiscal year ended December 31, 2018, due to successful hospital tenders including tenders for "hospital purchasing groups" and sales to new hospitals in bilateral deals.

Revenue from Other countries also increased from €13.7 million in the fiscal year ended December 31, 2017 by €12.4 million, or 90.5%, to €26.1 million in the fiscal year ended December 31, 2018, primarily due to the

expansion of the Group's customer and product base in Austria and Finland. Other new markets of Abacus Medicine include countries such as Belgium, France, Ireland, Luxembourg and Norway.

9.3.1.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Revenue increased from €177.9 million in the fiscal year ended December 31, 2016 by €75.2 million, or 42.3%, to €253.1 million in the fiscal year ended December 31, 2017, due to the expansion of Abacus Medicine's customer base as well as its obtaining additional pharmaceutical licences and entry into new geographic markets. In the fiscal year ended December 31, 2017, the DayDose Activities contributed revenue of €0.2 million compared to €0.4 million in the fiscal year ended December 31, 2016. From the date of the acquisition of the Aposave Entities (December 21, 2017), the Group's Unlicensed Medicine business and its Clinical Trial Services business combined contributed €0.0 (zero) million to the Group's revenue in the fiscal year ended December 31, 2017. If the acquisition of the Aposave Entities had taken place as of January 1, 2017, the combined contribution of the Group's Unlicensed Medicine business and its Clinical Trial Services business to the Group's revenue from continuing operations would have been €0.1 million in the fiscal year ended December 31, 2017.

Revenue in Denmark increased from €17.3 million in the fiscal year ended December 31, 2016 by €17.5 million, or 101.2%, to €34.8 million in the fiscal year ended December 31, 2017, primarily due to successful hospital supply contract tenders and the extension of existing hospital supply contracts and the resulting gain in market share, which benefited from the liquidation of the former competitor Europharma ApS as described above in section "*9.3.1.2. Comparison of the Fiscal Years ended December 31, 2018 and 2017*".

Revenue in Sweden remained stable despite loss of sales for some products and the negative effect that resulted from the decrease in value of the SEK relative to the EUR. These effects were partially offset by the increase in the number of pharmaceutical products in the Group's product portfolio and resulted in increased revenue from sales to three of the largest pharmacy chains in Sweden.

Revenue in Germany increased from €102.9 million in the fiscal year ended December 31, 2016 by €47.0 million, or 45.7%, to €149.9 million in the fiscal year ended December 31, 2017, primarily due to the success of efforts to diversify product sourcing by, for example, broadening the range of wholesalers, efforts which led to the addition of more than 200 new licences in the German market in the period.

Revenue in the Netherlands increased from €8.3 million in the fiscal year ended December 31, 2016 by €6.4 million, or 77.1%, to €14.7 million in the fiscal year ended December 31, 2017, primarily due to the expansion of the Group's sole customer in The Netherlands.

Revenue from Other countries also increased from €9.3 million in the fiscal year ended December 31, 2016 by €4.4 million, or 47.3%, to €13.7 million in the fiscal year ended December 31, 2017, due to market shares gains especially in Austria, where Abacus Medicine expanded both its customer and product base.

9.3.2 Cost of sales

Cost of sales includes costs for pharmaceutical goods and consumables used in generating revenue in the respective period. Cost of sales is dependent on price fluctuations of pharmaceutical products and currency exchange rates in the respective sourcing countries. Cost of sales of the DayDose Activities is internally calculated by the Company as 80% of revenue related to the DayDose Activities whereas negative revenue related to the DayDose Activities corresponds to positive cost of sales.

9.3.2.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, cost of sales increased from €63.4 million in the three-month period ended March 31, 2018 by €15.8 million, or 24.9%, to €79.2 million, primarily due to increased sales of pharmaceutical products. Cost of sales related to the DayDose Activities in the three-month period ended March 31, 2018 which amounted to €0.05 million in the three-month period ended March 31, 2018 due to returned goods.

9.3.2.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Cost of sales increased from €223.7 million in the fiscal year ended December 31, 2017 by €67.8 million, or 30.3%, to €291.5 million in the fiscal year ended December 31, 2018, primarily corresponding to an increase in pharmaceutical products sold. Cost of sales related to the DayDose Activities which amounted to €0.2 million in the fiscal year ended December 31, 2017 compared to a net decrease in cost of sales to €-0.1 million (income) in the fiscal year ended December 31, 2018 due to returned goods.

9.3.2.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Cost of sales increased from €157.2 million in the fiscal year ended December 31, 2016 by €66.5 million, or 42.3%, to €223.7 million in the fiscal year ended December 31, 2017, primarily corresponding to an increase in pharmaceutical products sold. Cost of sales related to the DayDose Activities which accounted for €0.2 million in the fiscal year ended December 31, 2017 compared to €0.3 million in the fiscal year ended December 31, 2016.

9.3.3 Gross profit and gross margin

9.3.3.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

Gross profit increased from €8.4 million in the three-month period ended March 31, 2018 by €2.8 million, or 33.3%, to €11.2 million in the three-month period ended March 31, 2019, primarily due to the general increase in activity. Gross profit was also affected by the DayDose Activities which amounted to approximately €12 thousand in the three-month period ended March 31, 2018. Gross margin increased from 11.7% in the three-month period ended March 31, 2018 to 12.4% in the three-month period ended March 31, 2019.

9.3.3.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Gross profit increased from €29.3 million in the fiscal year ended December 31, 2017 by €11.5 million, or 39.2%, to €40.8 million in the fiscal year ended December 31, 2018, primarily due to the general increase in activity, corresponding to an increased gross margin of 0.7%, which increased from 11.6% in the fiscal year ended December 31, 2017 to 12.3% in the fiscal year ended December 31, 2018.

This increase over-compensated for the negative effect that resulted from the decrease in value of SEK relative to the EUR, which resulted in lower realised sales prices. The resulting effect on gross profit was a decrease of €2.0 million or 4.9%. Further, in the fiscal year ended December 31, 2018, gross profit was affected by an exceptional inventory write-off of €0.5 million attributable to the mishandling of a specific product. Gross profit was also affected by the DayDose Activities which amounted to approximately €44 thousand in the fiscal year ended December 31, 2017 and €-14 thousand in the fiscal year ended December 31, 2018.

9.3.3.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Gross profit increased from €20.7 million in the fiscal year ended December 31, 2016 by €8.6 million, or 41.5%, to €29.3 million in the fiscal year ended December 31, 2017, due to a general increase in activities while the gross margin remained stable at 11.6%. Gross profit was affected by the DayDose Activities which amounted to approximately €76.0 thousand in the fiscal year ended December 31, 2016 and €44.0 thousand in the fiscal year ended December 31, 2017.

9.3.4 Other external costs

Other external costs include expenses related to the Group's principal activities, arising during the period under review. This includes expenses for, among others, rent, administration and IT costs and legal and audit costs.

9.3.4.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2018, other external costs increased from €1.7 million in the three-month period ended March 31, 2019 by €0.7 million, or 41.2%, to €2.4 million, primarily due to strategic decisions of the Board of Directors to prepare for further growth by expanding its Parallel Trading business and entering new business areas through Aposave, efforts which required investments, *inter alia*, in the new ERP system and maintenance hereof, as well as expenses for travel, consultants, facilities expansion, advertising and recruitment of the Aposave team to prepare for the expected growth.

A new ERP system was successfully implemented in January 2019 and the Company did not experience specific problems or issues in connection with the implementation. However, the new ERP system meant that a number of work processes had to be changed and in order to make the transition as smooth as possible, the Company decided to provide maximum support for the areas of the business and the employees affected by the new system by adding additional staff as well as increasing the number of external IT consultants. This precautionary approach has continued throughout the three-month period ended March 31, 2019 and resulted in an increase of other external costs in this period. The Company believes that these additional costs associated with the implementation of the ERP system will be reduced over the next periods. Further, other external costs in the three-month period ended March 31, 2019 were positively impacted by €0.3 million due to the first-time

application of the new accounting standard IFRS 16 Leases and the addition of several new specialist employees for the Aposave business as well as additions to the Aposave management team. Other external costs in the three-month period ended March 31, 2018 include expenses related to the DayDose Activities which amounted to €0.1 million in the three-month period ended March 31, 2018.

9.3.4.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Other external costs increased from €6.7 million in the fiscal year ended December 31, 2017 by €1.5 million, or 22.4%, to €8.2 million in the fiscal year ended December 31, 2018, primarily due to strategic decisions of the Board of Directors to prepare for further growth by expanding its business and entering new business areas through Aposave, efforts which required spending for, *inter alia*, new IT solutions, travel, consultants, facilities expansion and advertising. Other external costs include expenses related to the DayDose Activities which amounted to €0.9 million in the fiscal year ended December 31, 2017 compared to €0.4 million in the fiscal year ended December 31, 2018, mainly relating to marketing and administration expenses.

9.3.4.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Other external costs increased from €4.5 million in the fiscal year ended December 31, 2016 by €2.2 million, or 48.9%, to €6.7 million in the fiscal year ended December 31, 2017, *primarily* due to additional advertisement, legal and auditing fees and one-off consultancy fees. Other external costs include expenses related to the DayDose Activities which amounted to €1.1 million in the fiscal year ended December 31, 2016 compared to €0.9 million in the fiscal year ended December 31, 2017, mainly relating to marketing and administration expenses.

9.3.5 Staff costs (Personnel Expenses)

Staff costs (Personnel expenses) comprise wages and salaries, social security expenses and termination benefits. The following table provides a breakdown of Abacus Medicine's personnel expenses for the periods indicated:

	January 1 – March 31		January 1 – December 31		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € mio.)		(in € mio.)		
	(unreviewed and unaudited)		(audited)		
Wages and salaries	4.9	3.4	16.6	10.0	7.6
Pensions, defined contribution plans	0.4	0.3	1.5	1.0	0.7
Other social security costs	0.1	0.0	0.3	0.1	0.1
Other staff costs	0.4	0.3	1.5	0.8	0.7
Share-based payment expense	0.1	0.4	0.2	1.2	0.7
Total employee benefit expenses	**5.9**	**4.4**	**20.0**	**13.2**	**9.8**
Of which are capitalised as intangible assets	-0.2	-0.1	-1.0	-0.3	-0.2
Total employee benefit expense in the income statement	**5.7**	**4.3**	**19.0**	**12.9**	**9.6**

9.3.5.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, personnel expenses increased from €4.3 million in the three-month period ended March 31, 2018 by €1.4 million, or 32.6%, to €5.7 million, driven by an increase in wages and salaries of €1.5 million. The increase was primarily due to an increase in the average number of full-time employees which increased by 176 employees, or 45.0 %, from 391 employees as of March 31, 2018 to 567 employees as of March 31, 2019. The increase in personnel expenses was a reflection of the growth in revenue, necessitating additional employees for repacking, regulatory compliance (in particular, compliance with the FMD), *inter alia,* for the business operations in Germany and the Netherlands, and quality related matters as well as an increase in back-office and support related tasks. Furthermore, the implementation of a new ERP system in the three-month period ended March 31, 2019 required additional headcount to ensure that the operationsaffected by the new systems continue without interruptions. Another factor for the increase in personnel expenses was the hiring of a senior experts team and additions to the management team for the Aposave business in the three-month period ended March 31, 2019. The personnel expenses include expenses for the employees related to and

responsible for the DayDose Activities amounting to €0.2 million in the three-month period ended March 31, 2018.

9.3.5.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Personnel expenses increased significantly from €12.9 million in the fiscal year ended December 31, 2017 by €6.1 million, or 47.3%, to €19.0 million in the fiscal year ended December 31, 2018. The increase was primarily due to an increase in the average number of full-time employees which increased by 100 employees, or 28.7%, from 349 employees in the fiscal year ended December 31, 2017 to 449 in the fiscal year ended December 31, 2018. The rise in personnel expenses was in turn a reflection of the growth in revenue, necessitating additional manpower for repacking, regulatory compliance, and quality related matters as well as an increase in back-office and support related tasks. The staff costs include expenses for the employees related to and responsible for the DayDose Activities amounting to €0.5 million in fiscal year ended December 31, 2017 compared to €0.4 million in the fiscal year ended December 31, 2018. Further, the personnel expenses include reorganization costs and severance payments to a former senior management member and resigned DayDose employees of €0.3 million in the fiscal year ended December 31, 2018.

9.3.5.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Personnel expenses increased significantly from €9.6 million in the fiscal year ended December 31, 2016 by €3.3 million, or 34.4%, to €12.9 million in the fiscal year ended December 31, 2017. The increase in personnel expenses corresponded to the increase in the average number of full-time employees which increased by 143 employees, or 69.4%, from 206 employees in 2016 to 349 in 2017. The increase in personnel expenses was in turn a reflection of the growth in revenue, necessitating additional manpower for repacking, regulatory compliance, and quality related matters as well as an increase in back-office and support related tasks. The personnel expenses include expenses for the employees related to and responsible for the DayDose Activities amounting to €0.3 million in the fiscal year ended December 31, 2016 compared to €0.5 million in the fiscal year ended December 31, 2017.

9.3.6 EBITDA, EBITDA margin; Adjusted EBITDA and Adjusted EBITDA margin

9.3.6.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, EBITDA increased from €2.4 million in the three-month period ended March 31, 2018 by €0.7 million, or 29.2%, to €3.1 million, mainly due to the Group expansion and related personnel costs and administrative costs to support the Group's future growth, which had a negative impact, whereas the first-time application of the accounting standard IFRS 16 Leases as per January 1, 2019 resulted in a change in the presentation of operational leasing contracts previously recognised as Other external costs which are now recognised recognised as right-of-use assets and lease liabilities. The right-of-use assets are depreciated, and the lease liabilities are repaid over the contract periods which had a positive impact on EBITDA in the three-month period ended March 31, 2019.

In the three-month period ended March 31, 2019, the EBITDA margin increased to 3.4% compared to 3.3% in the three-month period ended March 31, 2018. EBITDA was also negatively affected by costs related to the DayDose Activities primarily consisting of staff costs and other external costs such as advertisement and consultancy costs amounting to €0.3 million in the three-month period ended March 31, 2018.

Adjusted EBITDA increased similarly to EBITDA in the three-month period ended March 31, 2019 compared to the three-month period ended March 31, 2018 as no IPO related costs were incurred in the three-month period ended March 31, 2019 or the three-month period ended March 31, 2018. Similarly, Adjusted EBITDA margin increased from 3.3% in the three-month period ended March 31, 2018 to 3.4% in the three-month period ended March 31, 2019.

The Adjusted EBITDA III increased from €2.7 million in the three-month period ended March 31, 2018 by €0.4 million, or 14.8%, to €3.1 million in the three-month period ended March 31, 2018 while Adjusted EBITDA III Margin decreased from 3.8% to 3.4%, respectively.

9.3.6.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

EBITDA increased from €9.4 million in the fiscal year ended December 31, 2017 by €3.2 million, or 34.0%, to €12.6 million in the fiscal year ended December 31, 2018, due to the factors explained above. In addition, EBITDA was negatively impacted by Special Items (IPO related expenses) of €0.4 million in the fiscal year ended December 31, 2017 and €1.1 million in the fiscal year ended December 31, 2018.

Adjusted EBITDA increased from €9.8 million in the fiscal year ended December 31, 2017 by €3.8 million, or 38.8%, to €13.6 million in the fiscal year ended December 31, 2018, mainly due to the Group's growth in revenue and gross margin and the related increase in staff costs and administrative costs to support the Group's future growth. This increase over-compensated for the negative effect that resulted from the decrease in value of SEK relative to the EUR, which resulted in lower realised sales prices in the Swedish market of €2.0 million in the fiscal year ended December 31, 2018. Adjusted EBITDA was also negatively affected by the DayDose Activities in an amount of €-1.4 million in the fiscal year ended December 31, 2017 and €-0.8 million in the fiscal year ended December 31, 2018.

The Adjusted EBITDA margin increased compared to 3.9% in the fiscal year ended December 31, 2017 to 4.1% in the fiscal year ended December 31, 2018. The Adjusted EBITDA margin of 4.1% in the fiscal year ended December 31, 2018, was negatively impacted by the exceptional inventory write-off of €0.5 million attributable to the mishandling of a specific pharmaceutical product and an increase in the number of employees and in administration costs due to continuous growth as well as the expansion into new markets and business activities as well as severance paymentsto a former senior management member and resigned DayDose employees of €0.3 million in the fiscal year ended December 31, 2018.

The Adjusted EBITDA III increased from €11.2 million in the fiscal year ended December 31, 2017 by €4.1 million, or 36.6%, to €15.3 million in the fiscal year ended December 31, 2018 while the Adjusted EBITDA III Margin increased from 4.4% to 4.6%, respectively.

9.3.6.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

The Adjusted EBITDA increased from €6.6 million in the fiscal year ended December 31, 2016 by €3.2 million, or 48.5%, to €9.8 million in the fiscal year ended December 31, 2017 primarily due to the increase in revenue. The growth in revenue resulted in an additional need for manpower for repackaging, regulatory, and quality related matters as well as an increase in back-office and support related tasks, which thereby was an offsetting factor for the Adjusted EBITDA. Adjusted EBITDA was negatively affected by losses amounting to €1.3 million attributable to the DayDose Activities in the fiscal year ended December 31, 2016 and €1.4 million attributable to the DayDose Activities in the fiscal year ended December 31, 2017.

The EBITDA margin remained stable in the fiscal year ended December 31, 2017 at 3.7% compared to 3.7% in the fiscal year ended December 31, 2016.

The Adjusted EBITDA margin increased from 3.7% in the fiscal year ended December 31, 2016 to 3.9% in the fiscal year ended December 31, 2017.

The Adjusted EBITDA III increased from €8.0 million in the fiscal year ended December 31, 2016 by €3.2 million, or 40%, to €11.2 million in the fiscal year ended December 31, 2017 while the Adjusted EBITDA III Margin slightly decreased from 4.5% to 4.4%, respectively.

9.3.7 Special items

Special items are costs incurred in connection with the preparation of the Company's initial public offering ("**IPO**"), and mainly comprise of fees for advisors, lawyers and auditors and the conversion of the consolidated financial statements from local Danish GAAP to IFRS prior to the IPO. No costs were incurred in the three-month period ended March 31, 2019 or the three-month period ended March 31, 2018. In the fiscal year ended December 31, 2018 such costs amounted to €1.1 million and to €0.4 million in the fiscal year ended December 31, 2017. No IPO-related costs were incurred in the fiscal year ended December 31, 2016.

9.3.8 Depreciation and amortisation

Depreciation and amortisation comprise depreciation on property, plant and equipment as well as amortisation of intangible assets including licences.

The following table provides a breakdown of Abacus Medicine's depreciation and amortisation for the periods indicated:

	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(unreviewed and unaudited)		(audited)		
Amortisation, intangible assets	0.6	0.5	1.9	1.4	1.2
Depreciation, property, plant and equipment	0.6	0.2	0.8	0.5	0.3
Total	**1.2**	**0.7**	**2.7**	**1.9**	**1.5**

9.3.8.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, depreciation and amortisation increased from €0.7 million in the three-month period ended March 31, 2018 by €0.5 million, or 71.4%, to €1.2 million. The increase was driven by increased investment activities including increased costs for obtaining new licences. The increase in depreciation was driven by increased investments in the new ERP system and the further implementation of the FMD. Further, the depreciations have been increased by €0.3 million due to the first-time application of the new accounting standard IFRS 16 Leases.

9.3.8.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Depreciation and amortisation increased from €1.9 million in the fiscal year ended December 31, 2017 by €0.8 million, or 42.1%, to €2.7 million in the fiscal year ended December 31, 2018. The increase in amortisation was driven by increased investment activities including increased costs for obtaining new licences. Amortisation was further impacted by the amortisation of IP rights acquired related to the DayDose Activities in December 2017, which were then divested on September 1, 2018. The increase in depreciation was driven by increased investments in IT, in the headquarters in Copenhagen and for expanding the production facility in Hungary due to the general increase in activities.

9.3.8.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Depreciation and amortisation increased from €1.5 million in the fiscal year ended December 31, 2016 by €0.4 million, or 26.7%, to €1.9 million in the fiscal year ended December 31, 2017. The increase in amortisation was driven by increased investment activities including increased costs for obtaining new licences. The increase in depreciation is driven by increased investments in IT, in the headquarters in Copenhagen and for expanding the production facility in Hungary due to the increased activity to support the future growth.

9.3.9 Operating profit (EBIT) / Operating profit before special items

9.3.9.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, operating profit increased from €1.7 million in the three-month period ended March 31, 2018 by €0.2 million, or 11.8%, to €1.9 million, primarily due to the increase in amortisation and depreciations outweighing the increase in EBITDA mainly due to the increased capital expenditures in the fiscal year ended December 31, 2018 and continuing in the three-month period ended March 31, 2019. In the three-month period ended March 31, 2019, operating profit margin decreased to 2.1% compared to 2.4% in the three-month period ended March 31, 2018.

9.3.9.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Operating profit increased from €7.6 million in the fiscal year ended December 31, 2017 by €2.3 million or 30.3% to €9.9 million in the fiscal year ended December 31, 2018, primarily due to the increased earnings from operating activities. However, this was on the contrary negatively impacted by the increase in amortisation and depreciations, mainly due to the amortisation of IP rights related to the purchase of IP rights for the DayDose Activities and increased capital expenditures in the fiscal year ended December 31, 2017 and continuing in the fiscal year ended December 31, 2018. The operating profit margin remained stable at 3.0% in both the fiscal year ended December 31, 2018 and the fiscal year ended December 31, 2017.

Operating profit was affected by special items (IPO-related costs) amounting to €0.4 million in the fiscal year ended December 31, 2017 whereas €1.1 million was attributable to IPO related costs in the fiscal year ended December 31, 2018.

9.3.9.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Operating profit increased from €5.1 million in the fiscal year ended December 31, 2016 by €2.5 million or 49.0% to €7.6 million in the fiscal year ended December 31, 2017 due to the profitable general increase in activities in the period as reflected by the increase in revenue. This increase was offset by the increase in the average number of full-time employees in the Group of 206 as of December 31, 2016 to 349, or 69.4% as of December 31, 2017, leading to increased personnel costs which negatively affected operating profit. The operating profit margin increased to 3.0% in the fiscal year ended December 31, 2017 compared to 2.9% in the fiscal year ended December 31, 2016.

Operating profit was not affected by special items (IPO-related costs) in the fiscal year ended December 31, 2016.

9.3.10 Financial Results (Net Finance Cost)

The following tables provide a breakdown of Abacus Medicine's financial results for the periods indicated:

	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(unreviewed and unaudited)		(audited)		
Other finance income	0.0	0.0	0.1	0.2	0.2
Foreign exchange gains, net	0.0	0.0	–	–	0.0
Total finance income	**0.0**	**0.0**	**0.1**	**0.2**	**0.2**

	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(unreviewed and unaudited)		(audited)		
Other finance costs	0.5	0.5	2.0	1.4	0.8
Amortised loan costs	0.0	–	0.2	–	–
Foreign exchange loss, net	–	0.1	0.5	0.2	–
Total finance expenses	**0.5**	**0.6**	**2.6**	**1.6**	**0.8**

9.3.10.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

Total finance expenses decreased from €0.6 million by €0.1 million, or 16.7%, to €0.5, mainly due to decreased utilisation of the Multi-Option Facility Agreement, the Credit Facilities and the Factoring Agreement which, in turn, corresponds to an increase in revenue for this period.

9.3.10.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Total finance income decreased from €0.2 million in the fiscal year ended December 31, 2017 by €0.1 million or 50.0% to €0.1 million in the fiscal year ended December 31, 2018 as the receivables carrying interests decreased. In the same period total finance expenses increased from €1.6 million by €1.0 million or 62.5% to €2.6 million, mainly due to increased utilisation of the Multi-Option Facility Agreement, the Credit Facilities and the Factoring Agreement which, in turn, corresponds to an increase in revenue for this period.

9.3.10.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Total finance income remained stable at €0.2 million in the fiscal year ended December 31, 2016 compared with €0.2 million the fiscal year ended December 31, 2017, while in the same period total finance expenses increased from €0.8 million by €0.8 million to €1.6 million, mainly due to increased utilisation of the Multi-Option Facility Agreement, the Credit Facilities and the Factoring Agreement. The increased utilisation of the Multi-

Option Facility Agreement, the Credit Facilities and the Factoring Agreement is directly linked to the increase in revenue in the period.

9.3.11 Profit before Tax

9.3.11.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, profit before tax increased from €1.2 million in the three-month period ended March 31, 2018 by €0.3 million, or 25.0%, to €1.5 million, primarily due to the factors described above in section *9.3.6. Comparison of the Three-month Periods ended March 31, 2019 and 2018.*

9.3.11.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Profit before tax increased from €6.1 million in the fiscal year ended December 31, 2017 by €1.3 million, or 21.3%, to €7.4 million in the fiscal year ended December 31, 2018, due to the factors mentioned above in section "*9.3.9.2. Comparison of the Fiscal Years ended December 31, 2018 and 2017*".

9.3.11.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Profit before tax increased from €4.5 million in the fiscal year ended December 31, 2016 by €1.6 million, or 35.6%, to €6.1 million in the fiscal year ended December 31, 2017, due to the factors mentioned above in section "*9.3.9.3. Comparison of the Fiscal Years ended December 31, 2017 and 2016*".

9.3.12 Income Tax

Income taxes comprise current income taxes as well as deferred taxes from temporary differences.

The following table provides a breakdown of Abacus Medicine's income taxes for the periods indicated:

	January 1 – March 31		**January 1 – December 31**		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € mio., unless specified otherwise)		(in € mio., unless specified otherwise)		
	(unreviewed and unaudited)		(audited)		
Current income tax					
Current income tax charge	0.2	0.2	1.1	1.3	1.3
Deferred tax					
Relating to origination and reversal of temporary difference	0.2	0.1	0.9	0.5	-0.1
Income tax expense reporting in the income statement	**0.4**	**0.3**	**2.0**	**1.8**	**1.2**
Deferred tax related to items recognised in other comprehensive income during the period					
Net gain/loss on revaluation of cash flow hedges	0.1	0.0	0.2	0.0	0.0
Income tax recognised in other comprehensive income	**0.1**	**0.0**	**0.2**	**0.0**	**0.0**
Accounting profit before income tax					
Calculated 22% (2016 and 2017: 22%) tax on profit for the year	0.3	0.2	1.6	1.3	1.0
Tax effect of:					
Deviation in foreign subsidiaries' tax rates compared with the Danish rate	0.0	0.0	0.1	0.1	0.0
Other non-deductible expenses, etc.	0.1	0.1	0.3	0.3	0.2
Total	**0.4**	**0.3**	**2.0**	**1.8**	**1.2**
Effective tax (in %)	27.1	27.1	27.1	29.4	27.2

9.3.12.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, Abacus Medicine's total income taxes increased from €0.3 million in the three-month period ended March 31, 2018 by €0.1 million, or 33.3%, to €0.4 million, primarily due to the increased profit before tax.

9.3.12.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Total income taxes increased from €1.8 million in the fiscal year ended December 31, 2017 (effective tax rate of 29.4%) by €0.2 million, or 11.1%, to €2.0 million (effective tax rate of 27.1%), in the fiscal year ended December 31, 2018, due to the higher level of earnings and higher level of non-deductible expenses.

9.3.12.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Total income taxes increased from €1.2 million in the fiscal year ended December 31, 2016 (effective tax rate of 27.2%) by €0.6 million, or 50.0%, to €1.8 million (effective tax rate of 29.4%), in the fiscal year ended December 31, 2017, primarily driven by increased profit before tax while the tax rate is impacted by non-deductible costs including warrant cost.

9.3.13 Profit for the period/year

9.3.13.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, Abacus Medicine's profit for the period increased from €0.8 million in the three-month period ended March 31, 2018 by €0.3 million, or 37.5%, to €1.1 million, primarily due to the continuous increase in activities. The Group's gross margin increased from 11.7% in the three-month period ended March 31, 2018, to 12.4% in the three-month period ended March 31, 2019. The increase was set-off by an increase in cost of sales, other external costs and staff costs.

9.3.13.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Profit for the period increased from €4.3 million in the fiscal year ended December 31, 2017 by €1.1 million, or 25.6%, to €5.4 million in the fiscal year ended December 31, 2018, primarily due to the to the general increase in activities set-off by an increase in cost of sales, other external costs and staff costs. Cost of sales increased from €223.7 million in the fiscal year ended December 31, 2017 by €67.8 million, or 30.3%, to €291.5 million in the fiscal year ended December 31, 2018, primarily due to an increase in pharmaceutical products sold, which corresponds to an increase in the Group's sales activities including ramp-up costs for entering new markets. The above corresponds to an increase in the gross margin from 11.6% for the fiscal year ended December 31, 2017 to 12.3% for the fiscal year ended December 31, 2018.

9.3.13.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Profit for the period increased from €3.3 million in the fiscal year ended December 31, 2016 by €1.0 million, or 30.3%, to €4.3 million in the fiscal year ended December 31, 2017, primarily due to the significant increase in the Group's revenue and an increase in gross profit and the simultaneous increase in cost of sales and personnel expenses whereas gross margin remained stable at 11.6% in the fiscal years ended December 31, 2016 and 2017.

9.4 Assets

The following table provides a breakdown of Abacus Medicine's assets as of the dates indicated:

	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Intangible assets	14.7	10.1	13.9	10.2	4.8
Property, plant and equipment	3.4	2.2	3.0	1.5	0.6
Right-of-use assets	3.1	–	–	–	–
Other receivables	1.0	0.2	0.3	0.2	0.1

	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Deferred tax assets	0.1	–	0.1	–	0.0
Total non-current assets	**22.2**	**12.5**	**17.3**	**11.9**	**5.5**
Inventory	51.3	36.6	59.6	33.4	19.7
Trade and other receivables	31.3	16.0	19.0	10.2	31.5
Cash [1]	2.9	2.8	1.3	1.0	1.4
Total current assets	**85.5**	**55.3**	**80.0**	**44.6**	**52.7**
Total Assets	**107.8**	**67.8**	**97.2**	**56.5**	**58.2**

[1] Cash was referred to as "Cash and cash equivalents" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

9.4.1 Total non-current assets

9.4.1.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

Abacus Medicine's total non-current assets increased from €12.5 million as of March 31, 2018 by €9.7 million, or 77.6%, to €22.2 million as of March 31, 2019, primarily due to an increase of intangible assets and property, plant and equipment.

Intangible assets consist, among others, of capitalised costs related to obtaining licences, which are required for the sale of Abacus Medicine's products. Intangible assets increased from €10.1 million as of March 31, 2018 by €4.6 million, or 45.5%, to €14.7 million as of March 31, 2019, mainly driven by investments in IT, including the new ERP system, hardware and serialisation equipment necessary to comply with the FMD Directive and the continued purchase of licences to facilitate further growth.

Property, plant and equipment consist 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. As of March 31, 2019, Abacus Medicine's property, plant and equipment increased from €2.2 million as of March 31, 2018 by €1.2 million as of March 31, 2019, or 54.5%, to €3.4 million, primarily due to investments in the production facility in Hungary and the repackaging facility in the Netherlands.

Further, non-current assets increased by €3.1 million as of March 31, 2019 relating to the recognition of right-of-use assets in connection with the implementation of the new accounting standard IFRS 16 Leases.

9.4.1.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Abacus Medicine's total non-current assets increased from €11.9 million as of December 31, 2017, by €5.4 million, or 45.4%, to €17.3 million as of December 31, 2018, primarily due to an increase of intangible assets and property, plant and equipment.

Intangible assets consist, among others, of capitalised costs related to obtaining licences, which are required for the sale of Abacus Medicine's products. Abacus Medicine's intangible assets increased from €10.2 million as of December 31, 2017, by €3.7 million, or 36.3%, to €13.9 million as of December 31, 2018, mainly driven by investments in IT, including the new ERP system during 2018 and the continued purchase of licences to facilitate further growth. Abacus Medicine also invested in the IT-software and hardware and serialisation equipment necessary to comply with the FMD Directive.

Property, plant and equipment consist 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. Abacus Medicine's property, plant and equipment increased from €1.5 million as of December 31, 2017, by €1.5 million, or 100.0%, to €3.0 million as of December 31, 2018, primarily due to investments in the production facility in Hungary and repackaging facility in the Netherlands.

9.4.1.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Abacus Medicine's total non-current assets increased from €5.5 million as of December 31, 2016, by €6.4 million, or 116.4%, to €11.9 million as of December 31, 2017, mainly due to an increase in intangible assets and property, plant and equipment. Abacus Medicine's intangible assets increased from €4.8 million as of December 31, 2016, by €5.4 million, or 112.5%, to €10.2 million as of December 31, 2017, mainly driven by acquired IP rights, investments in IT and goodwill in the context of the acquisition of Aposave as well as an increase of capitalised costs related to the increase of the product portfolio. Abacus Medicine's property, plant and equipment increased from €0.6 million as of December 31, 2016, by €0.9 million, or 150%, to €1.5 million as of December 31, 2017, due to investments in office furniture and leasehold improvements at the headquarter in Copenhagen and investments in the production facility in Hungary.

9.4.2 Total current assets

9.4.2.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

Abacus Medicine's total current assets increased from €55.3 million as of March 31, 2018 by €30.2 million, or 54.6%, to €85.5 million as of March 31, 2019, primarily due to an increase in inventory and in trade and other receivables.

Abacus Medicine's inventory increased from €36.6 million as of March 31, 2018 by €14.7 million, or 40.2%, to €51.3 million as of March 31, 2019, primarily due to the continuous increase in the Group's Parallel Trading business activities. The increase was mainly due to a temporary rise in invoices in process under the Factoring Agreement around the end of first quarter of 2019.

9.4.2.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Abacus Medicine's total current assets increased from €44.6 million as of December 31, 2017, by €35.4 million, or 79.4%, to €80.0 million as of December 31, 2018, due to an increase in inventory and in trade and other receivables. Abacus Medicine's inventory increased from €33.4 million as of December 31, 2017, by €26.2 million, or 78.4%, to €59.6 million as of December 31, 2018, which was due to the general increase in the Group's business activities. Trade and other receivables increased from €10.2 million as of December 31, 2017 by €8.8 million, or 86.3%, to €19.0 million as of December 31, 2018. The increase was mainly due to a temporary rise in invoices in process at the factoring company around the 2018 year-end.

9.4.2.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Abacus Medicine's total current assets decreased from €52.7 million as of December 31, 2016, by €8.1 million, or 15.4%, to €44.6 million as of December 31, 2017, due to an increase in inventory and decrease in trade and other receivables. Abacus Medicine's inventory increased from €19.7 million as of December 31, 2016, by €13.7 million, or 69.5%, to €33.4 million as of December 31, 2017, which was mainly due to the general increase in the Group's business activities as well as a specific build-up of inventories to meet customer demand related to increasing relationships with pharmacies in Germany. In addition, trade and other receivables decreased from €31.5 million as of December 31, 2016 by €21.3 million, or 67.6%, to €10.2 million as of December 31, 2017. The decrease in trade receivables is due to the change to the Factoring Agreement from a financing model to an off-balance sheet model in August 2017 in order to create a scheme for the sale of trade and other receivables on full non-recourse terms as described in section "*9.2.3.8. Working capital management*".

9.5 Equity

The following table provides an overview of Abacus Medicine's equity as of the dates indicated:

	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Share Capital	0.3	0.4	0.4	0.4	0.4
Other reserves	-0.2	0.0	-0.7	0.0	0.0
Retained earnings	15.8	10.2	14.7	9.3	9.2

	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Total Equity	**15.9**	**10.5**	**14.4**	**9.7**	**9.5**

9.5.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

Abacus Medicine's total equity increased from €10.5 million as of March 31, 2018 by €5.4 million, or 51.4%, to €15.9 million as of March 31, 2019. This increase was driven by the result of the period, and thereby an increase in retained earnings. In the three-month period ended March 31, 2019 and the three-month period ended March 31, 2018 the Company did not pay any dividends.

9.5.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

In the fiscal year ended December 31, 2018, Abacus Medicine's total equity increased from €9.7 million as of December 31, 2017 by €4.7 million, or 48.5%, to €14.4 million as of December 31, 2018. This increase was driven by the increase in retained earnings in the period. In the fiscal year ended December 31, 2018 the Company did not pay any dividends while in the fiscal year ended December 31, 2017 dividends to equity holders of the Parent amounted approximately €4.8 million, which was partially offset by the exercise of warrants.

9.5.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

In the fiscal year ended December 31, 2017, Abacus Medicine's total equity increased from €9.5 million as of December 31, 2016 to €9.7 million as of December 31, 2017, primarily due to a combination of an increase in both retained earnings and dividends paid to equity holders of the Parent. As an offsetting factor warrants were exercised in the fiscal year ended December 31, 2017 while no warrants have been exercised in the fiscal year ended December 31, 2016.

9.6 Liabilities

The following table provides an overview of Abacus Medicine's liabilities as of the dates indicated:

	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Non-current liabilities					
Deferred tax liabilities	2.2	1.3	1.9	1.1	0.7
Lease obligations	2.0	–	–	–	–
Other payables	–	6.3	–	1.0	0.1
Total non-current liabilities	**4.2**	**7.6**	**1.9**	**2.1**	**0.7**
Current liabilities					
Provisions	2.4	1.9	2.2	0.5	0.3
Borrowings	13.7	24.6	21.3	24.0	33.2
Lease obligations	1.1	–	–	–	–
Trade payables	18.9	12.2	11.4	11.2	7.0
Income tax payable	1.0	1.3	0.9	1.3	1.8
Other payables	50.5	9.7	45.2	7.8	5.7
Total current liabilities	**87.6**	**49.7**	**80.9**	**44.8**	**47.9**

	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Total liabilities	**91.8**	**57.3**	**82.8**	**46.8**	**48.7**
Total Equity and liabilities	**107.8**	**67.8**	**97.2**	**56.5**	**58.2**

9.6.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, Abacus Medicine's total liabilities increased from €49.7 million as of March 31, 2018, by €37.9 million, or 76.3%, to €87.6 million as of March 31, 2018. This increase was driven by decrease in borrowings. This decrease was partly offset by an increase in other payables including VAT liabilities in Germany relating to the fiscal year 2018.

In the three-month period ended March 31, 2019, Abacus Medicine's other payables (non-current) relating to German VAT payable decreased from €6.3 million as of March 31, 2018, to €0.0 as the German VAT payable will be settled in August 2019, and therefore is a current liability.

In the three-month period ended March 31, 2019, Abacus Medicine's borrowings (overdraft facilities) decreased from €24.6 million as of March 31, 2018, by €10.9 million, or -44.3%, to €13.7 million as of March 31, 2018.

In the three-month period ended March 31, 2019, Abacus Medicine's trade payables increased from €12.2 million as of March 31, 2018, by €6.7 million, or 54.9%, to €18.9 million as of March 31, 2018, mainly due to the general increase in activities, which also generated additional inventory purchases.

In the three-month period ended March 31, 2019, Abacus Medicine's other payables (current) increased from €9.7 million as of March 31, 2018, by €40.8 million, or 420.6%, to €50.5 million as of March 31, 2018, mainly due to the German VAT payable as well as an increase in employee related accruals, including accruals for the Share based payment program under which employees have the option to choose between equity instruments or cash. This program is measured at fair value at each balance sheet date and the cost is recognised in the income statement over the vesting period.

Further, Abacus Medicine's non-current and current liabilities were impacted by the first-time application of the new accounting standard IFRS 16 Leases by €2.0 million and €1.1 million respectively.

9.6.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

In the fiscal year ended December 31, 2018, Abacus Medicine's total liabilities increased from €46.8 million as of December 31, 2017 by €36.0 million, or 76.9%, to €82.8 million as of December 31, 2018.

In the fiscal year ended December 31, 2018 Abacus Medicine's borrowings (Overdraft Facilities) decreased from €24.0 million as of December 31, 2017 by €2.7 million, or 11.3%, to €21.3 million as of December 31, 2018. The decrease was due to the increase in VAT liabilities in Germany as described below, and on the contrary an increase in the inventory as described in section "*9.4.2.2. Comparison of the Fiscal Years ended December 31, 2018 and 2017*".

In the fiscal year ended December 31, 2018, Abacus Medicine's trade payables increased from €11.2 million as of December 31, 2017, by €0.2 million, or 1.8%, to €11.4 million as of December 31, 2018, mainly due to the general increase in activities, which also generated additional inventory purchases.

In the fiscal year ended December 31, 2018, Abacus Medicine's other payables (current) increased from €7.8 million as of December 31, 2017 by €37.4 million, or 479.5%, to €45.2 million as of December 31, 2018, mainly due to increased VAT liabilities in Germany expected to be settled in August 2019. The increase was also affected by an increase in employee related accruals, including accruals for the Share based payment program under which employees have the option to choose between equity instruments or cash. This program is measured at fair value at each balance sheet date and the cost is recognised in the income statement over the vesting period.

9.6.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

In the fiscal year ended December 31, 2017, Abacus Medicine's total liabilities decreased from €48.7 million as of December 31, 2016 by €1.9 million, or 4.1%, compared to €46.8 million as of December 31, 2017.

In the fiscal year ended December 31, 2017 Abacus Medicine's borrowings decreased from €33.2 million as of December 31, 2016 by €9.2 million, or 38.3%, to €24.0 million as of December 31, 2017, mainly due to the change to the Factoring Agreement from a financing model to an off-balance sheet model in August 2017 in order to create a scheme for the sale of trade and other receivables on full non-recourse terms as described above in section "*9.2.3.8. Working capital management*" (which impacts proceeds from factoring debt and repayment of factoring debt) as borrowings as of December 31, 2016 included factoring debt of €22.8 million as compared to no factoring debt as of December 31, 2017, because the invoices were sold on full non-recourse terms and no longer included liabilities. In the fiscal year ended December 31, 2017, borrowings under the Multi-Option Facility Agreement and the Overdraft Facilities increased from €10.3 million as of December 31, 2016, by €13.7 million, or 133.0%, to €24.0 million as of December 31, 2017.

In the fiscal year ended December 31, 2017, Abacus Medicine's trade payables increased from €7.0 million as of December 31, 2016, by €4.2 million, or 60.0%, to €11.2 million as of December 31, 2017, mainly due to the general increase in activities, which also generated additional inventory purchases.

In the fiscal year ended December 31, 2017, Abacus Medicine's other payables increased from €5.7 million as of December 31, 2016 by €2.1 million, or 36.8%, to €7.8 million as of December 31, 2017 due to increased VAT liabilities. Share based payment programs under which employees have the option to choose between equity instruments or cash are measured at fair value at each balance sheet date and the cost is recognised in the income statement over the vesting period.

9.7 Liquidity and capital resources

9.7.1 Cash flows

The following table provides a breakdown of Abacus Medicine's cash flows for the periods indicated:

	As of and for the three-month period ended March 31		As of and for the fiscal year ended December 31		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Operating Activities					
Profit before tax	1.5	1.2	7.4	6.1	4.5
Adjustments to reconcile profit before tax to net cash flows:					
Depreciation and amortisation	1.2	0.7	2.7	1.9	1.5
Finance income	0.0	0.0	-0.1	-0.2	-0.2
Finance expenses	0.5	0.6	2.6	1.6	0.8
Working capital adjustments:					
Non-cash items, net	-0.1	0.1	1.6	0.6	1.5
Changes in working capital	9.6	-0.5	2.4	14.2	-7.5
Interest received	0.0	0.0	0.1	0.2	0.2
Interest paid	-0.4	-0.4	-2.1	-1.4	-0.8
Income tax paid	-0.1	-0.1	-1.4	-1.9	-0.2
Net cash flow from operating activities	**12.1**	**2.4**	**13.2**	**21.0**	**-0.3**
Purchase of intangible assets	-1.4	-0.3	-6.5	-3.9	-1,5
Purchase of property, plant and equipment	-0.6	-0.9	-2.4	-1.4	-0.5
Business combinations	–	–	–	0.3	0.7
Paid deposits [1]	0.0	0.0	-0.2	-0.1	0.0

	As of and for the three-month period ended March 31		As of and for the fiscal year ended December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Disposals, non-current assets	–	–	0.1	0.0	0.0
Net cash flow used in investing activities	**-2.0**	**-1.2**	**-9.0**	**-5.0**	**-1.3**
Proceed from exercise of warrants	–	–	–	0.3	–
Change in borrowings (credit facility) [2]	-7.6	24.6	21.3	–	–
Deposits regarding bank agreement [3]	–	–	-1.1	-2.8	–
Interests paid on lease liabilities	0.0	–	–	–	–
Repayment of lease liabilities (IFRS 16)	-0.3	–	–	–	–
Issued loan to third party	-0.7	–	–	–	–
Proceeds from factoring debt	–	–	–	133.3	159.6
Repayment of factoring debt	–	–	–	-156.1	-157.9
Dividends paid to equity holders of the Parent	–	–	–	-4.8	-2.6
Net cash flow from financing activities	**-8.6**	**24.6**	**20.2**	**-30.1**	**-0.9**
Cash flow for the period	1.6	25.8	24.4	-14.1	-2.5
Cash at January 1 [3]	**1.3**	**-23.0**	**-23.0**	**-8.9**	**-6.4**
Cash at March 31/December 31 [4]	**2.9**	**2.8**	**1.3**	**-23.0**	**-8.9**

[1] Paid deposits was referred to as "Change in deposit" in the unaudited consolidated condensed interim financial statements as of and for the three-month period ended March 31, 2019 and as "Change in deposits" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

[2] Change in borrowings (credit facility) was referred to as "Proceeds from borrowings (credit facility)" in the unaudited consolidated condensed interim financial statements as of and for the three-month period ended March 31, 2019.

[3] Deposits regarding bank agreement was referred to as "Change in deposits regarding bank agreement" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

[4] Cash at January 1 was referred to as "Cash and cash equivalents and borrowings at 1 January" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

[5] Cash at December 31 was referred to as "Cash and cash equivalents and borrowings at 31 December" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

9.7.2 Working capital adjustments (changes in working capital)

9.7.2.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, changes in working capital increased from €0.5 million in the three-month period ended March 31, 2018 by €9.1 million to €9.6 million. The positive changes in working capital during the three-month period ended March 31, 2018 were mainly driven by the increase in inventories and Trade receivables, offset by increase in Trade payables and other payables. The positive changes in working capital during the three-month period ended March 31, 2019 was mainly driven by a decrease in the inventory level of 13.9%, or €8.3 million, from €59.6 million as of December 31, 2018 to €51.3 million as of March 31, 2019 and an increase in Trade payables of €7.5 million, or 65.8%, from €11.4 million as of December 31, 2018 to €18.9 million as of March 31, 2019. This was offset by an increase in Trade and other receivables of 64.7%, or €12.3 million, from €19.0 million as of December 31, 2018 to €31.3 million as of March 31, 2019.

9.7.2.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

In the fiscal year ended December 31, 2018, changes in working capital decreased from €14.2 million in the fiscal year ended December 31, 2017 by €11.8 million or 83.1%, to €2.4 million in the fiscal year ended December 31, 2018.

The negative impact of changes in working capital during the fiscal year ended December 31, 2017 was mainly driven by the increase in inventory of 69.5%, or €13.7 million, from €19.7 million as of December 31, 2016 to €33.4 million as of December 31, 2017, offset by a positive impact from changes in receivables and payables. This was offset by the change to the Factoring Agreement from a financing model to an off-balance sheet model in August 2017. The balance from the Factoring agreement was thereby included as factoring debt on the balance-sheet as of December 31, 2016 compared to no factoring debt as of December 31, 2017, because the invoices were sold on full non-recourse terms and no longer included liabilities.

The positive changes in working capital during the fiscal year ended December 31, 2018 was mainly driven by an increase in other payables (non-current and current) of €36.5 million, from €8.7 million as of December 31, 2017 to €45.2 million as of December 31, 2018. This includes an increase in the VAT payable in Germany, which had a positive impact of €33.4 million in the fiscal year ended December 31, 2018. This was offset by a negative impact from increase in inventory of 78.4%, or €26.2 million, from €33.4 million as of December 31, 2017 to €59.6 million as of December 31, 2018, and by an increase in receivables of 86.3%, or €8.8 million, from €10.2 million as of December 31, 2017 to €19.0 million as of December 31, 2018.

9.7.2.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

In the fiscal year ended December 31, 2017, changes in working capital increased from €-7.5 million in the fiscal year ended December 31, 2016 by €21.7 million to €14.2 million in the fiscal year ended December 31, 2017, primarily driven by the change to the Factoring Agreement from a financing model to an off-balance sheet model in August 2017 in order to create a scheme for the sale of trade and other receivables on full non-recourse terms as described above in section "*9.2.3.8. Working capital management*", which resulted in a decrease in trade and other receivables of €21.3 million, or 67.6%, from €31.5 million in the fiscal year ended December 31, 2016 to €10.2 million in the fiscal year ended December 31, 2017 because the invoices were sold pursuant to the Factoring Agreement and no longer included in the balance sheet. In addition, inventory increased from €19.7 million in the fiscal year ended December 31, 2016 by €13.7 million, or 69.5%, to €33.4 million in the fiscal year ended December 31, 2017.

9.7.3 Net cash flows from operating activities

9.7.3.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, net cash flows from operating activities increased from €2.4 million in the three-month period ended March 31, 2018 by €9.7 million, to €12.1 million, primarily due to the positive effect of changes in working capital of €15.5 million from €-6.1 million in the three-month period ended March 31, 2018 to €9.4 million in the three-month period ended March 31, 2019 due to increase of Trade and other payables caused by an increase of German VAT payable due in August 2019.

9.7.3.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Net cash flow from operating activities decreased from €21.0 million in the fiscal year ended December 31, 2017 by €7.8 million, or 37.1% to €13.2 million in the fiscal year ended December 31, 2018, due to the factors mentioned above.

9.7.3.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Net cash flow from operating activities significantly increased from €-0.3 million in the fiscal year ended December 31, 2016 by €21.3 million to €21.0 million in the fiscal year ended December 31, 2017, primarily driven by the positive effect of changes in working capital of €21.7 million from €-7.5 million in the fiscal year ended December 31, 2016 to €14.2 million in the fiscal year ended December 31, 2017.

9.7.4 Net cash flows used in investing activities

9.7.4.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, net cash out-flow used in investing activities increased from €1.2 million in the three-month period ended March 31, 2018 by €0.8 million, or 66.7%, to €2.0 million, primarily due to increased investments for obtaining licences in order to be able to distribute new pharmaceutical products in new markets and investments for the new ERP system.

9.7.4.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Net cash out-flow from investing activities increased from €-5.0 million in the fiscal year ended December 31, 2017 by €4.0 million or 80.0%, to €-9.0 million in the fiscal year ended December 31, 2018, primarily due to increased investments for obtaining licences in order to be able to distribute new pharmaceutical products in new markets and investments for the new ERP system as well as investments in the light of the implementation of the FMD.

9.7.4.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Net cash out-flow from investing activities increased from €-1.3 million in the fiscal year ended December 31, 2016 by €3.7 million, or 284.6%, to €-5.0 million in the fiscal year ended December 31, 2017, primarily driven by increased investments for obtaining licences in order to be able to distribute new pharmaceutical products in new markets as well as the acquisition of Aposave in 2017.

9.7.5 Net cash flows from financing activities

9.7.5.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, net cash inflow from financing activities changed from a net in-flow from financing activities of €24.6 million in the three-month period ended March 31, 2018 by €33.2 million to a net outflow of -€8.6 million primarily due primarily due to a change in the presentation of borrowings (overdraft facilities), due to the inclusion of the bank credit facility which is now considered to be financing activity and not a part of net cash as presented previously in the financial statements resulting in a negative impact of €32.2 million in the three-month period ended March 31, 2018 and 2019. Further net cash flows from financing activities were negatively impacted by the first-time application of the new accounting standard IFRS 16 leases of €0.3 million.

9.7.5.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Net cash flows from financing activities increased from a net outflow from financing activities of €-30.1 million in the fiscal year ended December 31, 2017 by €50.3 million to a net inflow from financing activities of €20.2 million in the fiscal year ended December 31, 2018, primarily due to a change in the presentation of borrowings (overdraft facilities), due to the inclusion of the bank credit facility which is now considered to be financing activity and not a part of net cash as presented previously in the financial statements. This change in presentation has resulted in a positive impact of €21.3 million in the fiscal year ended December 31, 2018. In addition, dividends paid to equity holders of the Parent amounted to €4.8 million in fiscal year ended December 31, 2017 as compared to €0.0 million in the fiscal year ended December 31, 2018. These movements were partially offset by the impact of sales activities following the change to the Factoring Agreement from a financing model to an off-balance sheet model in August 2017 to create a scheme for the sale of trade and other receivables on full non-recourse terms as described above (which impacts proceeds from factoring debt and repayment of factoring debt).

9.7.5.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Net cash flows from financing activities increased from a net outflow from financing activities of €-0.9 million in the fiscal year ended December 31, 2016 by €29.2 million to a net outflow from financing activities of €-30.1 million in the fiscal year ended December 31, 2017, primarily driven by the impact of the change to the Factoring Agreement from a financing model to an off-balance sheet model in August 2017 in order to create a scheme for the sale of trade and other receivables on full non-recourse terms as described above in section "*9.2.3.8. Working capital management*" (which impacts proceeds from factoring debt and repayment of factoring debt) and an increase of dividends paid to equity holders of the Parent of €2.1 million, or 80.8%, from €-2.6 million in the fiscal year ended December 31, 2016 to €-4.7 million in the fiscal year ended December 31, 2017.

9.7.6 Cash

9.7.6.1 Comparison of the Three-month Periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, cash increased from €2.8 million in the three-month period ended March 31, 2018 by €0.1 million to €2.9 million mainly due to the Company's strong operational performance offset by the negative impact of cash outflows from financing and investing activities as described

above in section *9.7.4.1. Comparison of the Three-month Periods ended March 31, 2019 and 2018* and in section *9.7.5.1. Comparison of the Three-month Periods ended March 31, 2019 and 2018*.

9.7.6.2 Comparison of the Fiscal Years ended December 31, 2018 and 2017

Cash increased from €-23.0 million in the fiscal year ended December 31, 2017 by €24.4 million to €1.4 million in the fiscal year ended December 31, 2018, mainly due to a change in the presentation of the movements in the bank credit facility which from the financial year 2018 has been considered to be a financing activity and not a part of net cash as presented in the consolidated financial statements as of and for the fiscal year 2017. The Company's management has considered this as a change in estimation and therefore the change is made in 2018, while similarly the comparison numbers for 2017 have not been changed in the Financial Statements for the financial year ended December 31, 2018.

9.7.6.3 Comparison of the Fiscal Years ended December 31, 2017 and 2016

Cash, cash equivalents and borrowings decreased from €-8.9 million in the fiscal year ended December 31, 2016 by €14.1 million, or 158.4%, to €-23.0 million in the fiscal year ended December 31, 2017, primarily driven by the change to the Factoring Agreement from a financing model to an off-balance sheet model in August 2017 in order to create a scheme for the sale of trade and other receivables on full non-recourse terms as described above in section "*9.2.3.8. Working capital management*" (which impacts proceeds from factoring debt and repayment of factoring debt) which had an influence on the level of trade and other receivables).

9.7.7 Investments

9.7.7.1 Major investments in the Three-month periods ended March 31, 2019 and 2018

In the three-month period ended March 31, 2019, Abacus Medicine made investments (purchase of intangible assets, purchase of property, plant and equipment, each as shown in the consolidated condensed interim financial statements as of and for the three-month period ended March 31, 2019) in the amount of €1.9 million, which represents an increase of €0.7 million, or 58.3%, compared to €1.2 million for the three-month period ended March 31, 2018. The result was primarily due to investments for obtaining licences in order to be able to distribute new pharmaceutical products in new markets.

9.7.7.2 Major investments in fiscal years ended December 31, 2016, 2017 and 2018

In the fiscal year ended December 31, 2018, Abacus Medicine made investments (purchase of intangible assets plus purchase of property, plant and equipment, each as shown in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2018 including comparative figures as of and for the fiscal year ended December 31, 2017) in the amount of €9.0 million, which represents an increase of €4.0 million, or 80.0%, compared to €5.0 million for the fiscal year ended December 31, 2017. The result was primarily due to investments for obtaining licences to be able to distribute new pharmaceutical products in new markets.

9.7.7.3 Ongoing investments

Abacus Medicine currently invests in IT, obtaining licences in order to be able to distribute new pharmaceutical products in new markets, IP rights and production technology. Investments include a new ERP system (Microsoft Dynamics 365) which went live in January 2019. Ongoing investments also include ERP resources (*e.g., IT-software and hardware*). Additional ongoing investments include the setup of a new repackaging site in the Netherlands which was operational from November 2018, with related investments expected to amount to approximately €0.3 to €0.5 million plus annual rental costs of €0.2 million and operational costs.

9.7.7.4 Future investments

No firm commitments have been made by the Company's management for any significant additional Group investments in the future.

9.8 Contingent liabilities and other financial obligations

There were no material guarantees or contingent liabilities with respect to Abacus Medicine as of December 31, 2018, 2017 and 2016.

9.9 Quantitative and qualitative disclosure of market and other risks

The Group's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that are derived directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks. The Board of Directors reviews and approves policies for managing each of these risks, which are summarised below.

9.9.1 Market risk

Market risk is the risk that the fair value of 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 currently not considered to be directly affected by equity price risk or commodity price risk (price volatility of certain commodities, *i.e.,* oil prices, metal prices etc.).

9.9.1.1 Currency Risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

Abacus Medicine sells finished products and purchases products in currencies other than EUR and is consequently exposed to a currency risk (see "*1.3.9. Differences in exchange rates may materially adversely affect the value of shareholdings or dividends paid*.").

On the sales side, Abacus Medicine enters into sales agreements with customers, which will result in invoicing in DKK, EUR, SEK, NOK and GBP and thus, *inter alia,* Abacus Medicine's sales in SEK, NOK and GBP are considered a risk, as the currencies historically have been unstable compared to EUR/DKK. On the purchase side, EUR is the Group's main currency, but product and freight are also paid in CZK, HUF, PLN, SEK, NOK and GBP. Though SEK and GBP, to some extent, provide a natural hedge against the currency risk on the sales side, all the currencies for purchase have historically been volatile. In the medium and long term, a change in the value of these currencies will lead to an adjustment of the purchase prices in the local currencies, thereby reducing the associated currency risk. In the short term, *i.e.,* from the date of invoice to the payment, the price is fixed in a particular currency and an increase (strengthening) of these currencies against the EUR will result in a loss. However, the time between delivery from and payment to suppliers, is normally short, and therefore the associated currency risk exposure is limited. An exception to this relates to hedging of purchases in NOK, where the Group has entered into forward contracts based on the expected purchase amounts for the rest of the financial year 2019 in order to hedge the risk of a stronger NOK and thereby securing the calculated profit margin. It is Abacus Medicine's policy to hedge significant commercial currency risks, primarily via foreign exchange contracts (forward contracts). The Group does not enter into speculative currency transactions. The forward contracts are based on the sales orders for the Swedish market. On a weekly basis, the Company enters into new forward contracts based on the sales to the Swedish market and the payment terms for each order. The forward contract will cover the period until the Company expects to receive the payment from the customer. The forward contract will be extended, if the payment from the customer is overdue and not received at the time when the forward contract expires. Thus, the number of forward contracts is subject to constant change. Currency adjustments of investments in subsidiaries are recognised directly in other comprehensive income. Relating foreign exchange risks resulting from such investments in subsidiaries are generally not hedged, as the Company's Management is of the opinion that regular hedging of such long-term investments is not warranted taking into account the overall risk and costs.

On October 10, 2018, the Company entered into the DKK 245 million (approximately €32.8 million) committed Multi-Option Facility Agreement with Danske Bank with a three years term substituting the existing facilities which can be utilised in DKK or other currencies. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

Below is an illustration of the impact, in EUR thousand, on profit before tax that would result from a change in the value of the Group's primary foreign currencies.

	Change in exchange rate	Profit before tax				
		January 1 – March 31		January 1 – December 31		
		2019	2018	2018	2017	2016
	(in %)	(in € mio.)		(in € mio.)		
SEK	+5%	0.0	+0.4	+2.2	+2.2	+2.2
GBP	+5%	0.0	-0.2	-0.7	-0.4	-0.3
NOK	+5%	-0.2	-0.4	-1.3	-0.3	–
PLN	+5%	-0.1	-0.1	-0.4	-0.4	–
HUF	+5%	-0.2	-0.1	-0.4	-0.2	-0.2

This analysis is based on sales and purchases in the given period and leaves all other assumptions unchanged. A change in the exchange rate of the Group's primary foreign currencies would also impact its business in terms of the liquidity available for purchase- and selling in large volumes.

9.9.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's Multi-Option Facility Agreement with Danske Bank currently utilised as an overdraft facility with a credit limit of approximately €32.8 million (DKK 245 million) and the Factoring Agreement, as amended from time to time, with a current credit limit of €57.1 million (DKK 425.0 million), which was increased by DKK 100 million to DKK 525 million on October 1, 2018, coming into effect from November 1, 2018 with DKK 25 million per quarter and which has a floating interest rate with reference to Copenhagen Interbank Offered Rate ("**CIBOR**"). The Group does not hedge interest rate risks.

A change in the interest rate by 1 percentage point in comparison to the interest rate at the balance sheet date would all other things equal affect the Group's profit or loss by €0.2 million (2017: €0.5 million) and equity after tax by €0.2 million (2017: €0.5 million).

9.9.2 Liquidity risk

Parallel Trading is a cash-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 characterised by normal and often long payment terms, which can be up to two months. This creates a liquidity requirement in the period between payment to suppliers and receipt of customer payments.

The Group therefore carries out regular liquidity planning to cover day-to-day operations and for the purpose of ensuring financial stability and account for unforeseen liquidity needs. The Group has endeavoured to put a balanced financing structure in place based on a combination of various financing components.

This objective is met through building and maintaining sound and trustworthy relationships with banks which have resulted in the existence of sufficiently large credit lines for factoring and overdraft facilities including the committed Multi-Option Facility Agreement and the Factoring Agreement. The Multi-Option Facility Agreement has been the Group's core source of external financing and its credit limit has been increased annually since it was originally entered. The financing arrangements were recently refinanced by the DKK 245.0 million committed Multi-Option Facility Agreement. As per December 31, 2018, the Company was in breach of the solvency covenant under the Multi-Option Facility Agreement as it did not generate anticipated proceeds from its initial intend to conduct a public offering in October 2018. However, waivers have been granted by Danske Bank on December 19, 2018 and on May 9, 2019. By way of an addendum to the Multi-Option Facility Agreement dated May 9, 2019, the solvency ratio has been reduced until June 30, 2020 to a lower level at which the Company would not have been in breach with the respective covenant as of the respective dates mentioned above. Another waiver had been granted by Danske Bank by way of a an addendum to the Multi-Option Facility Agreement dated February 6, 2019 following the Company's breach of an undertaking under the Multi-Option Facility Agreement as a result of the granting of a convertible loan to Pluripharm Groep B.V. with the option to convert such loan into 70% of shares of Goofy-Sam (see "*14.3. Convertible loan granted to Pluripharm Groep B.V.*").

The Factoring Agreement is a programme for the sale of trade receivables of the Company, Abacus Medicine Berlin GmbH and Originalis B.V. on full non-recourse terms and enables the Group to optimise its working capital and more efficiently manage its cash flow. As 100% of invoice amounts are paid in cash to the Group no later than the day after the invoice is issued, the period between payment to suppliers and receipt of customer payments is significantly reduced. In August 2017, the Factoring Agreement was changed to an off-balance sheet model, whereby AL Finans purchases the invoices. Under the Factoring Agreement, as amended to be an off-balance sheet factoring scheme, 100% of the invoices submitted to AL Finans are paid in cash to the Group by AL Finans no later than the day after the invoice is issued. As a result, trade and other receivables sold pursuant to the Factoring Agreement are being derecognised. This reduces the credit risk associated with invoices as the credit risk is passed on to AL Finans when the Group sells the invoiced to AL Finans and allows the Group to move related debts off its balance sheet.

As of December 31, 2018 (in € million)	Contractual cash flows	< 1 year	1–3 years	3 to 5 years	>5 years
Non-derivative financial instruments					
Credit institutions and banks (credit facility)	21.7	21.7	–	–	–
Trade payables	11.4	11.4	–	–	–
Other payables	45.2	45.2	–	–	–
Derivative financial instruments					
Exchange rate hedging	0.8	0.8	–	–	–
December 31, 2018	79.1	79.1	–	–	–

As of December 31, 2017 (in € million)	Contractual cash flows	< 1 year	1–3 years	3 to 5 years	>5 years
Non-derivative financial instruments					
Credit institutions and banks (credit facility)	24.5	24.5	–	–	–
Trade payables	11.2	11.2	–	–	–
Other payables	8.7	7.8	0.9	–	–
Derivative financial instruments					
Exchange rate hedging	0.0	0.0	–	–	–
December 31, 2017	44.4	43.5	0.9	–	–

As of December 31, 2016 (in € million)	Contractual cash flows	< 1 year	1–3 years	3 to 5 years	>5 years
Non-derivative financial instruments					
Credit institutions and banks (credit facility)	33.2	33.2	–	–	–
Trade payables	7.0	7.0	–	–	–
Other payables	5.8	5.7	0.1	–	–
Derivative financial instruments					
Exchange rate hedging	0.1	0.1	–	–	–
December 31, 2016	46.1	46.0	0.1	–	–

The disclosed financial derivative instruments in the above table are the net undiscounted cash flows. However, those amounts may be settled gross or net.

9.9.3 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities, primarily trade receivables, and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

9.9.3.1 Trade receivables

The Group's customers in the medical industry are in general considered to be very creditworthy, and the Group has historically not had to make any material write downs or losses on receivables. Accordingly, no allowance for bad debt has been made in the carrying amount of trade receivables in the balance sheet (2017: €0.0; 2016: €0.0). During the fiscal years ended 2016–2018, there have been no material losses on trade receivables. Similarly, there has been no material losses on trade receivables in the three-month period ended March 31, 2019.

9.9.3.2 Foreign currency risk

Derivatives designated as hedging instruments reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges, to hedge highly probable forecast sales and purchases in currencies other than EUR, mainly SEK, NOK and GBP. The table below shows the timing of the nominal values of the Group's hedging instruments:

Year	Nominal value	Expiry below 1 year	Expiry 1–5 years	Expiry above 5 years
	(in € mio.)			
2018	19.8	19.8	–	–
2017	2.8	2.8	–	–
2016	5.4	5.4	–	–

9.10 Significant accounting policies

Significant accounting policies are those policies that are the most important to the portrayal of the Group's financial position and results and that require application of Abacus Medicine's management's most difficult, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods. The preparation of the Group's consolidated financial statements under IFRS requires Abacus Medicine's management to make assumptions and estimates that have an impact on the recognition of assets and liabilities in the consolidated balance sheet, on income and expenses in the consolidated statement of comprehensive income and on disclosures concerning the existence of contingent liabilities. Actual results may differ from Abacus Medicine's estimates.

In preparing the Group's financial statements, Abacus Medicine's management has discretion (which it exercises in accordance with its best knowledge) in choosing and applying accounting policies. Abacus Medicine's management bases its estimates and assumptions on historical experience, where applicable and other factors, including expectations of future events that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities affected in a future period. Abacus Medicine's management cannot offer any assurance that the actual results will be consistent with these estimates and assumptions, and these significant accounting estimates or assumptions could change from period to period, or could involve estimates where Abacus Medicine's management could have reasonably used another estimate in the relevant accounting period. Abacus Medicine's management has identified the accounting policies discussed below as significant to its business and results of operations:

9.10.1 Warrant programs

Estimating fair value for warrant programs transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the granted warrants. This estimate also requires determination of the most appropriate inputs to the valuation model including the share price of the Company at the grant date, the expected life of the warrant, volatility and dividend yield and requires making assumptions related to these inputs.

Abacus Medicine established share based incentive programs *inter alia* in 2016, 2017 and 2018. The decision to grant warrants is made either by the general assembly or by the Board of Directors in accordance with authority granted by the general assembly and the general guidelines. Warrants for subscription of shares in the Company have been granted to members of the key management personnel and other employees of the Company. For the

2017 and 2018 program, the beneficiaries only receive equity instruments. For the 2016 program the beneficiaries have the option to choose between equity instruments or cash settlement. For the accounting principles, please refer to the section on "share based payments" in the accounting policies.

9.10.2 Valuation of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives (licences, software and IP rights) are amortised over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as amortisation.

Intangible assets with indefinite useful lives (goodwill) are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The estimated values of intangible assets are based on management estimations and assumptions and are by their nature subject to uncertainty.

9.10.3 Inventory write-downs

The valuation of the inventory per the balance sheet date involves judgements and estimates on the provision for write-downs. The provision is based on the ageing of the products, *i.e.,* the expiration date, and evaluation of the commercial possibilities of selling the products.

9.11 Changes in accounting standards

For 2016, the Company prepared financial statements in accordance with the Danish Financial Statements Act. In the Group's financial statements for the fiscal year ended December 31, 2017, which include comparative figures for 2016 and 2015, the Company has for the first time adopted the International Financial Reporting Standards as adopted by the EU and the related additional requirements according to the Danish Financial Statements Act. The first-time adoption was made retrospective from January 1, 2015 and as such the comparative figures for 2016 and 2015 have been restated in connection with the adoption of IFRS.

9.11.1 New standards, interpretations and amendments adopted by the Group

Further, the following new accounting standard will be effective commencing on or after January 1, 2019:

9.11.1.1 IFRS 16 – Leases

Abacus Medicine applied, for the first time, the accounting standard IFRS 16 Leases. Other amendments and interpretations also apply for the first time in 2019.

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Abacus Medicine adopted IFRS 16 using the modified retrospective method, whereby the lease liability is measured at the present value of the remaining lease payments, discounted using Abacus Medicines incremental borrowing rate at the date of initial application. A right-of-use asset has been recognised at the date of initial application with an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the leases.

Abacus Medicine have elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The implementation of IFRS 16 has resulted in a change in the presentation of the operational leasing contracts, which from 2019 are recognised on the balance sheet as right-of-use assets with a related leasing obligation.

Before the adoption of IFRS 16, Abacus Medicine classified each of its leases (as lessee) at the inception date as an operating lease (Abacus Medicine had no finance lease contracts under IAS 17).

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of IFRS 16, Abacus Medicine recognised lease liabilities in relation to leases which had previously been classified as operating lease payments under the principles of IAS 17 Leases. These liabilities have been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at January 1, 2019, which was 3.0%.

The operating lease commitments per December 31, 2018 were presented in note 28 in the audited consolidated financial statements as of and for the year ended December 31, 2018. The table below shows the link from this note to the IFRS 16 lease liabilities as per January 1, 2019:

	As of January 1, 2019 (in € million)
Operational lease obligations as of December 31, 2018	**2.5**
Discounted using the incremental borrowing rate as of January 1, 2019	2.4
Used exemptions:	
Short term leases	-0.1
Low value assets	-0.1
Impact from lease payments under extension options in periods there are reasonable certain to be exercised and under termination options periods that are reasonable certain not to be exercised, etc.:	1.1
Lease obligation recognised as of January 1, 2019 (IFRS 16)	**3,4**

Abacus Medicine's lease agreements mainly relate to lease of the headquarter premises in Copenhagen, Denmark, the production site and machinery equipment (printers) in Budapest, Hungary, and the production and warehouse site in Alkmaar, the Netherlands.

9.11.1.2 Summary of new accounting policies

Set out below are the new accounting policies of Abacus Medicine upon adoption of IFRS 16:

9.11.1.2.1 Right-of-use assets

Abacus Medicine 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 Abacus Medicine 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. Right-of-use assets are subject to impairment.

9.11.1.2.2 Lease liabilities

At the commencement date of the lease, Abacus Medicine 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 Abacus Medicine and payments of penalties for terminating a lease, if the lease term reflects Abacus Medicine 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, Abacus Medicine 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.

9.11.1.2.3 Short-term leases and leases of low-value assets

Abacus Medicine 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.

9.11.1.2.4 Significant judgement in determining the lease term of contracts with extension options

Abacus Medicine 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 Abacus Medicine has no material extension options.

10. PROFIT FORECAST

10.1 Statement by the Board of Directors and Executive Management

The Company has prepared and presented the consolidated profit forecast for the fiscal year ending December 31, 2019 ("**Profit Forecast**"), including the principal assumptions. The accounting policies applied are in accordance with the accounting policies set out in the notes to the Company's consolidated financial statements for 2018 included in this Prospectus and which are in accordance with IFRS, as amended by new standards adopted in 2019 as reflected in note 1 to the unaudited consolidated condensed interim financial statements, also included in this Prospectus. The Profit Forecast is prepared for the purpose of this Prospectus.

The Profit Forecast is based on a number of factors, including certain estimates and assumptions. Many of the significant assumptions the Company has used in preparing this information are outside of the Company's control or influence. The principal assumptions upon which the Company has based the Profit Forecast are described under "*10.3.2. Explanatory notes to the Profit Forecast.*" and "*10.3.3. Factors and assumptions*.".

The Profit Forecast represents the best estimates of the Board of Directors and Executive Management at the date of publication of this Prospectus. Actual results are likely to be different from the Profit Forecast, since anticipated events may not occur as expected and the variation may be material. Prospective investors should read the financial information for the fiscal year ending December 31, 2019 in this section in conjunction with the "*Risk Factors*" included elsewhere in this Prospectus. See also "*Special Notice Regarding Forward-Looking Statements*".

Copenhagen, May 22, 2019

ABACUS MEDICINE A/S

Executive Management

Flemming Wagner

(CEO)

Board of Directors

Troels Peter Troelsen

(Chairman)

Anders Kunze Bønding

(Deputy Chairman)

Jens Albert Harsaae

(Deputy Chairman)

Ole Jensen

(Board Member)

Flemming Wagner

(Board Member)

10.2 Report from the Company's independent auditor regarding the consolidated profit forecast for the fiscal year ending December 31, 2019

To shareholders and potential shareholders of ABACUS MEDICINE A/S

We have evaluated whether the consolidated profit forecast for the fiscal year ending December 31, 2019 (the ("**Profit Forecast**") of ABACUS MEDICINE A/S (the "**Company**"), in all material respects, has been properly compiled on the basis stated and whether the basis of accounting used for the Profit Forecast is consistent with the accounting policies of the Company.

The Profit Forecast is stated in "*10.3. Profit forecast for the fiscal year ending December 31, 2019 of Abacus Medicine*" and in section "*10.3.3. Factors and assumptions*" of this Prospectus. The basis is stated in the section "*10.3.2. Explanatory notes to the Profit Forecast"*.

We will express reasonable assurance in our conclusion.

The purpose of the Profit Forecast is to reflect the expected financial effect of the planned actions by management of the Company for the fiscal year ending December 31, 2019.

The Company's actual results of operations for the fiscal year ending December 31, 2019 are likely to deviate from the Profit Forecast, since anticipated events frequently do not occur as expected. Such deviations may be material.

The Profit Forecast with appertaining statement has been prepared for the purpose of this Prospectus, which is prepared in accordance with Commission Regulation (EC) No 809/2004, as subsequently amended, and may therefore not be used for another purpose. Our report is issued in accordance with Commission Regulation (EC) No 809/2004, as subsequently amended, and has been prepared in accordance with generally accepted Danish practice for such reports and only in connection with the contemplated public offering of the Shares in the Company and admission for trading and official listing on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the subsegment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

Management's Responsibility

The Company's management is responsible for the proper compilation of the Profit Forecast on the basis stated and for the basis of accounting used for the Profit Forecast being consistent with the accounting policies of the Company and for such internal control as the Company's management determines is necessary to enable the preparation of the Profit Forecast on the basis stated.

Furthermore, the Company's management is responsible for the assumptions underlying the Profit Forecast.

Auditors' Responsibility

Our responsibility is, in accordance with the Commission Regulation (EC) No 809/2004, as subsequently amended, to express a conclusion as to whether the Profit Forecast has been properly compiled on the basis stated and whether the basis of accounting used for the Profit Forecast is consistent with the accounting policies of the Company.

We have performed our work in accordance with ISAE 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information, and additional requirements under Danish audit regulation.

We are subject to the International Standard on Quality Control, ISQC 1, and thus apply a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulation.

We complied with independence requirements and other ethical standards under FSR – Danish Auditors' Code of Ethics for Professional Accountants, which rely on general principles regarding integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

As part of our work, we have examined whether the Profit Forecast has been properly compiled on the basis of the assumptions stated and according to the accounting policies stated in the consolidated financial statements for 2018, as amended by new standards adopted in 2019 as reflected in note 1 to the unaudited consolidated condensed interim financial statements, including examination of the numerical consistency of the Profit Forecast. Our work did not comprise an assessment of whether the assumptions applied are documented, well-

founded, realistic and complete or whether the Profit Forecast can be realised, and therefore we express no conclusion thereon.

Conclusion

In our opinion, the Profit Forecast has, in all material respect, been properly compiled on the basis stated and the basis of accounting used for the Profit Forecast is consistent with the accounting policies of the Company.

Copenhagen, May 22, 2019

ERNST & YOUNG

Godkendt Revisionspartnerselskab

(CVR) no. 30 70 02 28

Peter Gath	Ole Becker
State Authorised Public Accountant	State Authorised Public Accountant
mne19718	mne33732

10.3 Profit forecast for the fiscal year ending December 31, 2019 of Abacus Medicine

10.3.1 Introduction

ABACUS MEDICINE A/S (the "**Company**" and, together with its fully consolidated subsidiaries, the "**Group**" or "**Abacus Medicine**") has prepared this consolidated profit forecast for the fiscal year ending December 31, 2019 (the "**Profit Forecast**") for use in this Prospectus in accordance with applicable laws and regulations.

The Profit Forecast was not prepared with a view towards compliance with published guidelines of the U.S. Securities and Exchange Commission and the American Institute of Certified Public Accountants (the "**AICPA**"), for preparation and presentation of prospective financial information. Accordingly, this information does not include disclosure of all information required by the AICPA guidelines on prospective financial information.

The Profit Forecast discussed in this section is not a statement of facts and should not be regarded as such by investors. Rather, it reflects the forward-looking expectations of the Company. These forward-looking expectations, including this Profit Forecast, are necessarily based on a number of assumptions and estimates about future events and actions, including Management's assessment of opportunities and risks. Such assumptions and estimates are, though they are presented with numerical specificity and reasonably considered by the Company, inherently subject to significant business, operational, economic, and competitive uncertainties and contingencies, many of which are beyond the control of the Company, or which can be influenced by the Company only to a limited extent. Although the Management of the Company believes that these assumptions and estimates were reasonable on the date on which this Profit Forecast was prepared, they may subsequently prove to be incorrect or unfounded. If one or more of these assumptions and estimates prove to be incorrect or unfounded, Abacus Medicine's actual results of operations may differ materially from this Profit Forecast. For a description of factors that could influence the assumptions and estimates of the Company included in this Profit Forecast, see — "*Special Notice Regarding Forward-Looking Statements*" and "*1. Risk Factors*".

Accordingly, potential investors should treat this information with caution and not place undue reliance on this Profit Forecast.

10.3.2 Explanatory notes to the Profit Forecast

This Profit Forecast is based on:

- the unaudited consolidated condensed interim financial statements of the Company as of and for the Three-month period ended March 31, 2019; and
- a budget developed using a bottom-up approach modelling with estimates made for the fiscal year 2019 including revenue, cost of sales, other external expenses, staff costs, depreciation and amortization, tax expenses, interest expenses, capital expenditures and working capital items.

The Profit Forecast was prepared in accordance with Section 13 of Annex I of the Commission Regulation (EC) No 809/2004 as well as ESMA's Recommendations for the consistent application of Commission Regulation (ESMA/2011/81) for profit forecasts or estimates. This Profit Forecast has been prepared on the basis of the accounting principles of the International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The accounting policies applied are those described in the notes to the audited consolidated financial statements of the Company as of and for the fiscal year ended December 31, 2018 included elsewhere in this Prospectus, as amended by the first-time application of the accounting standard IFRS 16 Leases as reflected in the unaudited consolidated condensed interim financial statements of the Company as of and for the Three-month period ended March 31, 2019 included elsewhere in this Prospectus.

10.3.3 Factors and assumptions

This Profit Forecast is influenced by a number of factors and is based on certain assumptions made by the Management of the Company, which are described below. These assumptions relate to (i) factors that can be influenced by the Company to a limited extent and (ii) factors outside the Company's influence.

10.3.3.1 Factors that can be influenced by the Company to a limited extent

10.3.3.1.1 Revenue

Management expects that the markets in each of the key countries (Germany, Sweden, Denmark and the Netherlands) and the other countries where the Company is represented will grow in the further course of the fiscal year 2019. In the first three months of the fiscal year 2019, revenue of €90.4 million was achieved representing a growth of 25.9% compared to the first three months of the fiscal year 2018 where the company achieved a revenue of €71.8 million.

The Company's ability to continue to grow and gain market share is partially within the Company's control, including the number of applications for marketing authorisations ("licences"), the availability of financing to secure liquidity and the relationship with suppliers and customers, but it is also based on assumptions that are outside the Company's control or can be influenced by the Company only to a limited extent, including assumptions relating to, among other things, stable macroeconomic conditions, no change in industry or market trends in the key markets and the actions of the Company's competitors. For purposes of the Profit Forecast the Company assumes that no loss of major customers and suppliers will occur.

The Company does not expect to enter into new markets in which Abacus Medicine is not already active for the remainder of the fiscal year 2019. The Profit Forecast assumes that the planned sales initiatives for the existing markets will be realised and that the planned number of new customers in these markets will be onboarded and contribute to the expected growth in revenue for the fiscal year 2019.

Further, for purposes of the Profit Forecast the Management of the Company assumes that the launch of new pharmaceutical products – on the basis of the application and receipt of new licences – will continue at the existing rate supporting the expected growth in revenue. The Company expects to apply for and receive above 1,000 new licences in the fiscal year 2019 and thereby reach a total of above 4,100 national and EMA licences by the end of the fiscal year 2019.

10.3.3.1.2 Gross Profit and gross margin

In the first three months of the fiscal year 2019, gross profit was at 12.4% of revenue. The gross margin for the full fiscal year 2019 is expected to be in the range of 12.0% to 12.5% of revenue. The Management of the Company assumes that there will be no significant changes in sourcing, prices, level for write-downs of goods and return of goods during the fiscal year 2019 compared to prior years.

10.3.3.1.3 Operating Profit before depreciation, amortization and special items (Adjusted EBITDA)

Other external costs as a percentage of revenue have been relatively stable over the years and the Company expects that this will also be the case in the fiscal year 2019 as it does currently not expect to enter into any new significant contracts or incur additional costs, *e.g.*, for entering new markets. The Company expects other external costs to increase and be in a range of 1.9%–2.2% of revenue. Staff costs as a percentage of revenue have been relatively stable over the years but are expected to increase for the full fiscal year 2019 as a consequence of the opening of a new re-packaging site in the Netherlands and the growing size of the Company due to the overall growth of the Company's business, which is expected to result in an increase in number of employees in the fiscal year 2019. Staff costs are expected to be in the range of 6.0–6.2% of revenue.

10.3.3.1.4 Special Items

The Company expects "**Special Items**" comprising one-off costs incurred by the Company in connection with the intended initial public offering ("**IPO**") of the Company to amount to approximately €0.6 million for the fiscal year 2019.

The Profit Forecast includes IPO costs, comprising of external costs directly relating to the IPO, such as out-of-pocket expenses for the Underwriter in the course of the IPO, fees of legal advisors, auditors, consultants, and IPO related external communication and marketing costs. These costs are estimated at around €1.0 million, and will be paid in part by the Company and in part by the Selling Shareholders. The proportion paid for by the Company, which the Management estimates will amount to approximately 60% of the above-mentioned total, will be recognised in the income statement of the financial statements of the Company as of and for the fiscal year ended December 31, 2019. Selling and underwriting commissions will be payable by the Company in addition to this in respect of the issued shares. Such commissions consist of a fixed underwriting commission calculated as a percentage of the gross proceeds from the issuance and sale of the New Shares and, in the sole discretion of the Company, a discretionary fee, which is also calculated as a percentage of the gross proceeds from issuance and sale of the New Shares. Assuming a placement of all Share Loan Shares and payment of the

aforementioned discretionary fee in full, the Company estimates that at the mid-point of the Price Range, the Underwriter would receive commissions from the Company in an amount of approximately €4.0 million in connection with the Offering. Such selling and underwriting commissions will be charged to equity.

For the purpose of the Profit Forecast, no M&A transactions are assumed.

10.3.3.1.5 Liquidity

A capital raise from the Offering of the New Offer Shares of EUR 54.7 million in gross proceeds is expected to finance the growth.

10.3.3.2 Factors outside the Company's influence

10.3.3.2.1 Foreign exchange rate movements – especially (but not limited to) SEK, NOK and GBP

Due to the international scale of Abacus Medicine's business, the results of the Company are affected by foreign exchange rate movements, both on a transactional and a translation basis. Reference is made to section "*1.2.24. The Group is exposed to currency risks associated with changes in currency exchange rates, and its hedging strategy could fail.*". While translation effects cannot be mitigated by definition, transactional effects can be mitigated by hedging. The DKK/EUR exchange rate is the most important one, but since the DKK is effectively pegged to the EUR in a narrow range, no active hedging is taking place to balance the effect of changes in DKK/EUR. Hedging is being done for SEK, NOK and to some extent GBP. For the Profit Forecast, currency rates are assumed to be at April 2019 levels.

10.3.3.2.2 Legislative and other regulatory measures

Abacus Medicine's core business is subject to both EU and national regulations applicable to manufacturers and distributors of pharmaceutical products. The Company is obliged to comply with such laws and failure of compliance could result *inter alia* in the prohibition of sales.

EU legal framework for free movement of goods has been the main foundation for the business of Parallel Trading within EU and EEA countries. This legal framework has been amended on numerous occasions with a tendency to shift decision-making from national to EU level. Furthermore, Abacus Medicine's core business is strongly influenced by the national reimbursement laws for pharmaceuticals in each individual country where the company operates. Future changes in these national regulatory frameworks could have an influence on the procedures and the entire business model of the Company. However, the impact of such changes may be difficult to predict, as national governments can both facilitate or hinder Parallel Trading.

In the view of the Company, overall most European countries are conscious about the positive economic impact on national health care budgets and try to incentivize parallel importation in different ways.

For the purpose of the Profit Forecast, the Company does not expect any material structual legislative and/or regulatory changes across EU compared to the current regulatory framework and environment.

10.3.3.2.3 Manufacturers' decision to apply for marketing authorisations within the EU/EEA

The Group's business is subject to the original manufacturer's decision whether to apply for a marketing authorisation for a particular pharmaceutical product in one of the member states of the EU/EEA or for a marketing authorisation by the European Medicine Agency ("**EMA**"). Without a marketing authorisation a product is not available on the market. Such decision depends on *inter alia*, the value created by the product in a certain market, applicable reimbursement systems and other factors important to the original manufacturer. The EMA is the agency in charge of the centralised procedures that allows companies to submit a single application to obtain a marketing authorisation valid in all member states of the EU and the member states of the European Free Trade Association (Iceland, Liechtenstein and Norway). The formation of EMA has resulted in a decrease of applications submitted by original marketing authorisation holders or manufacturers at national level, increasing significantly transparency in the industry. Therefore, the process of acquiring licences in the industry has become more lean and rapid, having a positive impact on Abacus Medicine's business. For the purpose of the Profit Forecast, the Company does not assume any significant changes in this regard, as EMA's purpose is to further centralise the marketing authorization process.

10.3.3.2.4 Patent expiration

Patents for pharmaceutical products generally expire after maximum 15 years from the date a product is introduced to the market. An out-of-patent pharmaceutical product will still be produced and traded, but for

simple molecules generics will often cause a significant decrease of the sale price of the original product. However for biological medicines the biosimilars typically only reduces the sales price of the original product to around 40% of the original price. Therefore, Abacus Medicine's business is dependent on the research and development pipeline of the original marketing authorisation holders or manufacturers. Abacus Medicine looks for business comfort in highly reliable pharma market reports, for example Evaluate Pharma, which underlines both the pipeline of manufacturers and the number of pharmaceutical products approvals granted annually by the EMA. According to Evaluate Pharma, the pharmaceutical product pipeline continues to expand and has been forecasted to reach more than 500 products in the research and development pipeline by 2022 (*source: Evaluate Pharma, July 2016*).

10.3.3.2.5 Product shortage occurrences

The availability of pharmaceutical products on the market is dependent on the original marketing authorisation holders' or manufacturer's decision regarding the quantity of pharmaceutical products to be released in a certain country. Moreover, national governments may limit the quantity of available pharmaceutical products, *e.g.*, due to possible shortages. As a consequence, the Company's suppliers may not be able to supply pharmaceutical products in sufficient quantity, therefore having partnerships with a large number of suppliers from different Member States is crucial for the business model. Based on the Company's experience, market participants active in Parallel Trading are normally not able to fulfill 100% of orders from their customers and on average far less. Therefore, Abacus Medicine strategically allocates resources to enlarge and further strengthen its existing supplier network and to maximise the benefit of the multi-market strategy. For the Profit Forecast the Company has assumed similar risks as in the fiscal year 2018.

10.3.3.2.6 Global or regional economic instabilities

Unfavorable economic conditions may have a negative impact on both the sales and the supply side of the pharmaceutical products of Abacus Medicine. Thus, the actual negotiations of the legal relations between the United Kingdom and the EU following the United Kingdom's leaving the EU may influence the type of business Abacus Medicine will be able to maintain within the United Kingdom. The scenarios for the legal relations are: a model similar to Norway which is a member state of the EEA but not of the EU, a model similar to Switzerland which is neither a member of the EEA nor of the EU but has entered into several bilateral agreements with the EU, and a third one assuming a complete exit of the European single market. Given its multi-market strategy, the Group has conducted business within Norway; therefore it has the know-how of penetrating a market which has special relationship status with EU. For the purpose of the Profit Forecast, the company has assumed a scenario similar to the one applicable to Norway for the United Kingdom once it has left the EU.

10.3.4 Profit Forecast for Abacus Medicine for the current fiscal year ending December 31, 2019

On the basis of the above, the Company currently expects revenue growth compared to the fiscal year ended December 31, 2018 to be in the range of 20% to 35% for the fiscal year ending December 31, 2019 or a revenue between €400.0 and €445.0 million.

The Company expects Gross profit for the fiscal year ending December 31, 2019 to be in the range of 12.0% to 12.5% of revenue, and expects Operating Profit before depreciation, amortization and special items ("**Adjusted EBITDA**") to be in the range of 4.1% to 4.6% of revenue and Special Items to amount to approximately €0.6 million.

11. REGULATORY ENVIRONMENT

The Company's business is highly regulated and subject to various laws and regulations including provisions on the distribution, labelling, pricing and/or marketing of pharmaceutical products (*Arzneimittel*) and other products.

Pharmaceuticals are defined in Article 1 Directive 2001/83/EC on the community code relating to medicinal products for human use ("**Medicinal Products Directive**") as (a) any substance or combination of substances presented as having properties for treating or preventing disease in human beings; or (b) any substance or combination of substances which may be used in or administered to human beings either with a view to restoring, correcting or modifying physiological functions by exerting a pharmacological, immunological or metabolic action, or to making a medical diagnosis.

Distribution of pharmaceutical products is comprehensively regulated at both the EU level and the national level in each Member State of the European Economic Area ("**Member States**"). The EU legal framework has been developed and amended on numerous occasions in recent decades, with an increasing tendency to shift decision-making and proceedings from the national to the EU level. Regulatory laws comprises of the laws and regulations of the EU Member States as well as directives and regulations by the European Union. Directives only become effective once they are transposed into the law of the respective Member State of the European Union and the implementation of directives may vary between Member States. Regulations do not require implementation into national law and apply directly and uniformly in all Member States of the European Union.

The Company is registered as a parallel trading company, and thus, has to fulfil the same strict quality and safety requirements as the original manufacturers of pharmaceutical products, to the extent these requirements apply to parallel trading companies. Accordingly, the Company has to comply with all applicable laws regulating the handling of pharmaceutical products and transport comprehensively. Compliance with these requirements is monitored by national and EU regulators such as the European Medicines Agency ("**EMA**").

11.1 Distribution of pharmaceutical products

The distribution of pharmaceutical products is not fully harmonised across Member States.

In the Member States direct distribution to consumers is subject to a restrictive and detailed legal framework. In general, there is a distinction between prescription pharmaceutical products (*i.e.*, pharmaceutical products which may only be provided to patients based on a prescription issued by a doctor) and non-prescription pharmaceutical products ("*over the counter*" or OTC products).

The distribution of pharmaceutical products to wholesalers and pharmacies is in general not restricted, although such distribution requires a specific licence to operate. By comparison, the distribution of pharmaceutical products to doctors, hospitals and certain other facilities is often highly restricted. The distribution of pharmaceutical products via mail order also differs in the respective various Member States. Such distribution via mail order sometimes requires specific licences (in particular in Germany, see the German Act on Pharmacies – *Gesetz über das Apothekenwesen*) and is not permitted if the safe application of the pharmaceutical product requires a personal consultation, or if the pharmaceutical product contains certain restricted substances. Wholesale distributors of pharmaceuticals must comply with a number of regulations, including in particular the provisions of the Good Distribution Practice ("**GDP**").

11.2 Manufacture of pharmaceutical products

In the EEA, the manufacture of pharmaceutical products requires a licence under the Medicinal Products Directive Packaging qualifies as manufacturing, with the consequence that all companies involved in the (re-) packaging of pharmaceuticals require such licence. Manufactures of pharmaceutical products must comply with a broad range of regulations and in particular observe the provisions of the Good Manufacturing Practice ("**GMP**"). A manufacturing licence includes the wholesale distribution licence for the pharmaceutical products covered by the manufacturing licence.

11.3 Licences for pharmaceutical products

Placing pharmaceutical products on the market requires an approval by the competent regulator. This approval is the so-called marketing authorisation or licence. There are several authorisation procedures with different regional coverage available:

- The European centralised procedure for marketing authorisation is set forth in Regulation (EC) 726/2004 of the European Parliament and of the Council of March 31, 2004 laying down community procedures for the authorisation and supervision of pharmaceutical products for human and veterinary use and establishing the EMA. When the required documentation is submitted to the EMA, the Committee for Medicinal Products for Human Use ("**CHMP**") carries out a scientific evaluation. The CHMP opinion is then transmitted to the European Commission for its separate opinion, which, if also favourable, results in a marketing authorisation valid in all Member States of the European Union granted by the European Commission. The centralised procedure is mandatory for certain pharmaceutical products listed in Regulation (EC) 726/2004; for all other pharmaceutical products an applicant may choose to submit a voluntary application for centralised licences if the reference pharmaceutical product has obtained a centralised marketing authorisation or certain other requirements are met.
- An applicant may also use the mutual recognition respectively the decentralised procedure, if it intends to sell a pharmaceutical product in more than one Member State, but not necessarily throughout the entire European Union. These procedures are set forth in the Medicinal Products Directive and implemented, for example, into German law through the German Medicinal Product Act. The mutual recognition procedure applies if a marketing authorisation for a pharmaceutical product has already been granted in one Member State. Other Member States will in general grant additional licences in a facilitated procedure based on the European principle of mutual recognition. Such authorisations are granted on the basis of an assessment report transmitted by the relevant Member State in which the original marketing authorisation was granted, unless there is reason to believe that the relevant pharmaceutical product would represent a serious risk to public health.
- The decentralised procedure applies if no marketing authorisation has been granted in any Member State of the EU yet. In this procedure, the applicant must submit the application documentation to all competent authorities in the respective Member States where the applicant seeks approval and select a reference Member State. The chosen Member State must then produce an assessment report, a summary of the characteristics of the relevant pharmaceutical product, the labelling and leaflet, and transmit these documents to the authorities in the other Member States where the applicant is seeking approval. These other Member States will then mutually recognise the decision of the regulatory authority of the chosen Member State, unless there is reason to believe that the relevant pharmaceutical would represent a serious risk to public health.
- An applicant may also obtain a national marketing authorisation under national law, which mostly reflects the requirements of the Medicinal Products Directive. For example, in Germany the Federal Institute for Medicinal Products and Medical Devices (*Bundesinstitut für Arzneimittel und Medizinprodukte* – BfArM) and the *Paul Ehrlich Institute* (PEI) are the competent regulatory authorities to grant such marketing authorisation. The required documentation is set forth in Sections 22 through 24b AMG. Pursuant to Sections 25 and 30 AMG, the application may be rejected for various reasons (*e.g.*, incompleteness of the submitted documentation, insufficient testing, non-compliance of the manufacture process with recognised pharmaceutical rules or appropriate quality standards, lack of therapeutic efficacy, or an unfavourable benefit/risk profile). The marketing authorisation expires after five years, unless renewed, or if the pharmaceutical product has not been placed on the market within three years after the marketing authorisation was granted, or is not present on the market for at least three successive years. If a marketing authorisation was received for a patent-free pharmaceutical product through reference to the authorisation documentation of the existing pharmaceutical product, such patent-free pharmaceutical product may only be placed on the market after ten years have elapsed since the first marketing authorisation was granted for the reference pharmaceutical product. Under certain circumstances, this period is extended to 11 years.

11.4 Labelling of pharmaceutical products

Labelling is primarily governed by Title V of the Medicinal Products Directive. These provisions determine the information that has to be displayed on the container and, if used, on the outer packaging of pharmaceutical products as well as the information to be contained in the leaflet.

The information on the container and, if used, on the outer packaging of pharmaceutical products must be displayed in the local language, be easily understandable and, *inter alia*, include the name and address of the manufacturer, the name of the pharmaceutical product, information stating whether the pharmaceutical product is intended for administration to babies, children or adults, the marketing authorisation number, the batch number, the strength, dosage form and method of administration, the active pharmaceutical product ingredients, the content by weight, volume or number of items, the expiry date and, if applicable, a note that the relevant pharmaceutical product requires a prescription and can only be obtained through a pharmacy.

Further, pharmaceutical products may only be marketed with a package leaflet bearing the heading instructions for use (*Gebrauchsinformation*) and containing, in the prescribed order, information such as the name of the pharmaceutical product, the active pharmaceutical product ingredients or indication group or the mode of administration, the therapeutic indications, information to be read before using the pharmaceutical product (*e.g.*, contra-indications), precautions and interactions with other pharmaceutical products, instructions for normal use, information on potential adverse effects and a reference to the expiry date indicated on the container/outer packaging. Such information must also be easily understandable and is to be provided in the local language. From February 9, 2019, the Falsified Medicines Directive 2011/62/EU ("**FMD**") came into force. FMD applies to the packaging of most pharmaceutical products and require certain information to be contained in a unique identifier in the form of a two-dimensional barcode that must be placed on the packaging of the relevant pharmaceutical product. The unique identifier must consist of the following data elements: a code allowing for the identification of at least the name, the common name, the pharmaceutical product form, the strength, the package size and the package type of the pharmaceutical product, a serial number consisting of a numeric or alphanumeric sequence of no more than 20 characters, generated by a deterministic or a non-deterministic randomisation algorithm, a national reimbursement number or other national number identifying the pharmaceutical product, if required by the Member State where the pharmaceutical product is intended to be placed on the market, the batch number and the expiration date. In addition, an anti-tampering device must be added to the packaging, allowing the verification of whether the packaging of the relevant pharmaceutical product has been tampered with.

11.5 Advertisement of pharmaceutical products

Advertisement of pharmaceutical products is primarily governed by Title VIII of the Medicinal Products Directive. According the Court of Justice of the European Union ("**CJEU**") the Medicinal Products Directive brought about complete harmonisation in the field of advertising pharmaceutical products and lists expressly the cases in which Member States are authorised to adopt provisions differing from the framework provided by the Medicinal Products Directive. Pursuant to this regulatory framework advertising of a pharmaceutical product is not permissible if a marketing authorisation has not been granted. Further, all parts of the advertising of a pharmaceutical product must comply with the particulars listed in the summary of product characteristics and the advertising of a pharmaceutical product shall encourage the rational use of the pharmaceutical product, by presenting it objectively and without exaggerating its properties and shall not be misleading.

The regulatory framework regarding advertisement for pharmaceutical products further distinguishes between prescription and non-prescription pharmaceutical products. In general, prescription pharmaceutical products may only be advertised among so-called expert circles (*i.e.*, healthcare professionals, healthcare facilities and other persons authorised to trade pharmaceutical products), may not be misleading, must disclose specific information and may not refer to certain sources (*e.g.*, recommendations of scientists, patient histories and thank-you letters, letters of appreciation and letters of recommendation by third parties). There are exceptions that allow certain information on prescription-only medicines to be provided to the public, *e.g.*, answering a specific question about a particular pharmaceutical product, factual informative announcements, reference materials (without product claims), and human health- and disease-related statements with no direct or indirect reference to the product are in general all allowed.

In general, non-prescription pharmaceutical products may be advertised to the general public, respecting the aforementioned restrictions, in particular not to be misleading. However, such advertising differs in the various EU Member States as some Member States prohibit expert opinions, product recommendations, healthcare professional advice and certain graphic representations, require advertisements to advise the public to consult a doctor or pharmacist, allow the advertising of non-prescription medicines only if purchasers are not reimbursed by the social security system or only for pharmaceutical products that treat minor symptoms.

Providing benefits for the promotion of pharmaceutical products is generally prohibited and may constitute criminal or administrative offenses.

In addition to statutory law there are industry codices that need to be adhered, in particular the efpia Code on the Promotion of Prescription-Only Medicines to, and Interaction with Healthcare Professionals as well as the respective codex on the interaction with healthcare professionals and/or the general public in the respective Member State.

11.6 Monitoring and supervision

After obtaining a marketing authorisation, a pharmaceutical product remains subject to monitoring.

A competent regulatory authority may have granted the marketing authorisation under the condition that additional analytical and pharmaceutical-toxicological tests or clinical studies are carried out. Such additional studies may also be conducted on a voluntary basis.

Pursuant to Commission Regulation (EC) no. 1234/2008 as amended, the competent regulatory authority must be notified of certain changes after the marketing authorisation has been granted (*e.g.*, changes to the summary of the pharmaceutical product's characteristics and any conditions, obligations, or restrictions affecting the marketing authorisation, or changes to the labelling or the packaging leaflet connected with changes to the summary of the pharmaceutical product's characteristics). Changes to the marketing authorisation may even require approval by the competent governmental authority or make a new marketing authorisation necessary.

In addition, the holder of a marketing authorisation has to comply with the comprehensive framework on pharmacovigilance laid down in Title IX of the Medicinal Products Directive and Regulation (EU) 1235/2010), as well as the respective national legislation implementing the EU regulatory framework. Under pharmacovigilance requirements the holder of a marketing authorisation must, *inter alia*, have a qualified person responsible for pharmacovigilance, maintain and make available a pharmacovigilance system master file, operate a risk management system for each pharmaceutical product and record all suspected adverse reactions which are brought to his attention and make these reports accessible. In addition, such holder must generally submit periodic safety update reports to the EMA.

Facilities where pharmaceutical products are manufactured, tested, stored, packaged or placed on the market, or in which any other form of trade with pharmaceutical products takes place, are subject to supervision by the competent governmental authority, which will, *inter alia*, monitor compliance with the rules on the trade in pharmaceutical products, on active substances and other substances intended for use in the manufacture of pharmaceutical products, and on advertising of pharmaceutical products. The competent governmental authorities may conduct unannounced inspections where necessary and stipulate effective follow-up measures (*e.g.*, testing of pharmaceutical product samples, marketing restrictions and recalls).

11.7 Price regulation and reimbursements

Price regulation applies at different stages of the pharmaceutical products distribution chain, beginning with the determination of manufacturer prices, down to wholesaler and pharmacist remuneration margins and product taxation.

Regulations with respect to pricing of, and reimbursement for, pharmaceutical products are not harmonised in the European Union and are therefore subject to the exclusive jurisdiction of the Member States. How detailed and stringent pricing regulation is varies both across Member States and between sectors in the same country. In the inpatient sector, direct negotiations between hospitals and manufacturers or wholesalers are usually possible. In contrast, price-setting and distribution margins are more strictly regulated in ambulatory care.

Manufacturer prices are subject to legal or regulatory specifications in the majority of Member States. So-called "free pricing" Member States, such as Denmark and the United Kingdom, are in the minority. Even when manufacturers are free to set their own prices, these are influenced by indirect measures (for example, internal reference pricing, parallel imports, legally enforced discounts and rebates, as well as individual contract agreements between payers and manufacturers).

In some Member States the margins of pharmacies and wholesalers in relation to prescription pharmaceutical products are regulated by statutory law in order to provide for a uniform price level for such prescription pharmaceutical products, whereas pharmaceutical companies are sometimes free to set their own prices (*i.e.*, set an ex-factory price (*Herstellerabgabepreis*)). In Germany, free pricing was restricted by the Act on the Reform of the Market for Medical Products (*Arzneimittelmarkt-Neuordnungsgesetz* – AMNOG) of December 22, 2010 with the consequence that for pharmaceutical products with new active substances the pharmaceutical company may charge its own price for a period of one year after first placing on the market. After that, if it has been demonstrated that the pharmaceutical product has an added therapeutic benefit, the pharmaceutical company may only claim a negotiated reimbursement amount (for both statutorily and privately insured patients). If an added therapeutic benefit has not been demonstrated, the pharmaceutical company is generally free to set its own price. However, the statutory health insurance will only be reimburse a specific maximum reimbursement amount, so that pricing is actually influenced by the willingness of statutorily insured patients to assume a certain part of the costs for the product themselves.

Regarding reimbursement the regulatory framework differs in European Member States and the respective local laws determine whether patients receive reimbursement from social health insurance providers for a certain pharmaceutical product. Certain pharmaceutical products are statutorily excluded from reimbursements and,

therefore, must be paid for by patients. This generally includes OTC products, unless such OTC products are deemed to be the therapeutic standard in case of a serious medical condition and a prescription is issued for such products. Furthermore, pharmaceutical products are in general excluded from reimbursements if their primary focus is to increase the quality of life or if they are considered uneconomic, *i.e.*, if (i) such pharmaceutical product contain active pharmaceutical ingredient which are not required for the therapeutic objective or for the reduction of risks, (ii) their effect cannot be determined with a sufficient degree of certainty because of the multiplicity of active pharmaceutical ingredients, or (iii) their therapeutic benefit has not been proven.

In certain Member States reference prices are set by the respective regulator, *i.e.*, the maximum price that is reimbursed by social health insurance providers. Accordingly, any amount exceeding the reference price must be borne by the relevant patient. In Germany, the groups of pharmaceutical products subject to reference prices consist of pharmaceutical products with the same active pharmaceutical ingredients, or with comparable pharmacological-therapeutic active pharmaceutical ingredients, or with a comparable therapeutic effect. In relation to pharmaceutical products with new active pharmaceutical ingredients, a reimbursement price (*Erstattungsbetrag*) (*i.e.*, the maximum price reimbursed by social health insurance providers and private health insurance providers) is negotiated between the manufacturer and the respective regulator as well as private health insurance providers. Key parameters to be considered in the course of such decision are (i) the effects of new active pharmaceutical ingredients, (ii) the costs of a comparative therapy and (iii) the price for the relevant pharmaceutical product in other Member States of the EU. The reimbursement price comes into effect from the thirteenth month after the relevant pharmaceutical product has been first placed on the market and is binding for all subsequent pharmaceutical products containing the same active pharmaceutical ingredients.

Some Member States also impose mandatory rebates of the ex-factory price on patent-free pharmaceutical products, which is often effectively borne by manufacturers, as pharmacies and wholesalers are entitled to claim reimbursement of the price difference resulting from such rebate from the respective manufacturer or a so-called price moratorium in case of price increases for prescription pharmaceutical products and OTC products reimbursed by social health insurance providers.

Further, in some Member States the regulatory framework includes the possibility of rebate agreements with social health insurance providers in relation to a certain pharmaceutical product, a group of pharmaceutical products containing the same active pharmaceutical ingredient or specific dosage forms of active pharmaceutical ingredients, generally with a preceding tender process, in order to identify and typically select the manufacturer who is willing to grant the highest rebate on its pharmaceutical products. The legislation of some Member States includes the so-called aut-idem-rule, *i.e.*, the general rule that the pharmacy may exchange the prescribed pharmaceutical product for comparable pharmaceutical products with the same strength, package size and dosage form. If a healthcare professional authorised to prescribe pharmaceutical products has not excluded the aut-idem-rule on the prescription, a pharmacy is required to dispense one of the cheapest comparable pharmaceutical products or an equivalent imported pharmaceutical product which fulfils the requirements for parallel imports.

11.8 Product liability

The laws of Member States often provide specific product liability rules for cases where damages are caused by pharmaceutical products. For instance, in Germany companies are subject to strict liability, if, as a result of placing pharmaceuticals on the market a person is killed or a person's health is substantially impaired, provided that (i) the relevant pharmaceutical is harmful when administered as intended and such harm exceeds the limits considered tolerable in the light of current scientific knowledge, or (ii) the damage has occurred as a result of labelling, expert information or instructions for use which do not comply with current scientific knowledge. However, German statutory law also provides for liability limits, limiting the damages, *e.g.*, to a maximum annual pension. In Germany, pharmaceutical companies are obliged to take out insurance in order to cover such damages.

In addition to specific provisions on product liability for pharmaceutical products, the general rules of tort law may apply in case of a distribution of defective pharmaceuticals. Further, where no specific product liability regime for pharmaceuticals is in place in a Member State, the general rules of product liability as laid down by Directive 85/374/EEC concerning liability for defective products apply.

The competent authorities may take appropriate measures to rectify any infringements of pharmaceutical regulations which have been identified and to prevent infringements in the future. They may, in particular, prohibit the marketing of pharmaceuticals and order their recall from the market and seize them, *inter alia*, if there is sufficient reason to suspect that the pharmaceutical has harmful effects which exceed what may be

justified on the basis of the prevailing standard of scientific knowledge or if the prescribed quality controls have not been carried out.

11.9 Parallel Trading in pharmaceutical products

Abacus Medicine is engaged in both parallel import and parallel distribution of pharmaceutical products and generates almost all of its revenue with it. "**Parallel Import**" refers to the acquisition of pharmaceutical products which are locally-authorised by the competent authority in one member state ("**Member State**") of the EEA and the sale of such pharmaceutical products in another Member State by a company that is independent from, and acts in parallel to, the original marketing authorisation holder. In contrast, "**Parallel Distribution**" describes the acquisition of pharmaceutical products centrally-authorised by the EMA and their sale in parallel to the original marketing authorisation holder. Parallel Import and Parallel Distribution are often and in this Prospectus also referred to as "**Parallel Trade**" or "**Parallel Trading**". As the original manufacturer decides whether to apply for a marketing authorisation in one of the Member States or for a marketing authorisation by the EMA, it follows his decision whether Parallel Trading with the respective pharmaceutical product by a third party falls within the category of Parallel Import or Parallel Distribution.

Parallel Trading in pharmaceutical products is subject to laws and regulations on the level of the EU as well as on a national level in the respective Member State.

As healthcare systems are under financial pressure and patients often have to share a part of the financial burden of buying pharmaceuticals (co-payment), Parallel Trading introduces competition in areas where the pricing of medicines sold by the (original) marketing authorisation holder or its local licence exceeds the competitive price range in comparison to markets in other Member States. Accordingly, Parallel Trading allows for leveraging of price differences between different Member States' markets. As described above, prices for pharmaceuticals are set by Member States' health authorities and accordingly vary in the respective Member States for identical products. Parallel distributors therefore buy products at a lower price in one Member State and then transport, repackage and resell them in markets with higher prices.

Parallel Trading is a business form closely connected to the establishment of the single market in the EU and the exhaustion of IP rights within the single market, allowing products put on the market by a marketing authorisation holder or an authorised distributor in one Member State to be moved to another Member State in parallel with the distribution channels set up by the (original) marketing authorisation holder and without the latter's consent.

As one of the four basic freedoms of the EU single market, the free movement of goods prevents a marketing authorisation holder to carve up the EU single market into a separate national market, and to maintain different price levels and/or distribution channels in the various Member States, in particular by relying on their respective IP rights (for further details see below). A direct consequence of free movement is the "Cassis de Dijon" doctrine of the CJEU, which rules that generally a product lawfully placed on the market of one Member State must be allowed to circulate freely throughout the single market.

Parallel Trading has been subject of a number of decisions by the CJEU, in respect of both regulatory questions relating to the marketing authorisation and trademark law. The judgments of the CJEU as well as follow-up guidelines by the EU Commission provide an established framework on Parallel Trading of pharmaceutical products in the EU single market.

Parallel Trading companies have to change the labelling – and in some cases the packaging – in order to meet all regulatory requirements of the national law in each destination market. The relabelled products and packages must meet all legal requirements (of pharmaceutical products characteristics and trade marks) and are subject to thorough governmental supervision. Generally, the Parallel Trading company also ensures that all products are provided with patient information inserts in the local language.

Even though Parallel Trading companies do not manufacture any pharmaceutical products themselves, nor open the primary packaging, they are subject to the same regulatory requirements as manufacturers of branded or generic products and undergo regular controls by the competent national and EU regulatory authorities to the extent such requirements and controls apply to Parallel Trading companies.

11.9.1 Parallel Imports

A parallel importer is required to obtain a marketing authorisation on its own in order to market such a pharmaceutical in the respective Member State. However, a simplified approval procedure applies, which does not require the submission of a full dossier. The parallel importer only has to prove that the imported

pharmaceutical product is pharmaceutically identical to the corresponding pharmaceutical product (*i.e.*, equal with respect to dosage, and therapeutic effects) for which a national marketing authorisation was granted by the respective Member State already. No clinical studies are required to provide that a pharmaceutical is pharmaceutically identical. In addition, pharmaceuticals imported in parallel must be regularly tested in the respective Member State.

Parallel importers must in particular meet the following requirements: They may only store pharmaceuticals, label them in the local language and, if necessary, repackage them in a new outer packaging if they have a manufacturing licence. In addition, parallel importers must appoint a graduated plan officer and an information officer. Only after receipt of the marketing authorisation may the parallel importer market the pharmaceutical.

In most cases, imported and reference pharmaceuticals are completely identical in composition. According to the case-law of the CJEU, deviations are to be accepted, provided that no therapeutically relevant differences result from this. The following aspects must be identical:

– The nature and quantity of the active pharmaceutical ingredient

– Dosage form and method of application.

In accordance with the provisions of the regulatory framework of the respective Member State, the package/container and the outer packaging must be labelled in the local language and a package leaflet in the local language must be enclosed. Any repackaging associated with the parallel import of pharmaceuticals must not affect the original condition of the pharmaceuticals. For this reason, it is not permitted to open primary containers of pharmaceuticals.

Parallel importers – like all pharmaceutical companies – are subject to monitoring by the competent regulators. They must notify all activities related to pharmaceuticals to these supervisory authorities before starting their activities. Their establishments are inspected at regular intervals by the supervisory authority.

The Medicinal Products Directive requires parallel importers to notify the original marketing authorisation holder of their intention to import the pharmaceutical.

One of the most important drivers for Abacus Medicine's parallel trade business in Germany is the "fixed amount discount" (*Festbetrags- oder Herstellerrabatt*) – a mandatory discount granted by the government vis-à-vis the Parallel Trading companies that provide pharmaceutical products to medical insurance companies. A further price mechanism imposed by the German health ministry is the "*Preismoratorium*" which aims to lock the sale price of a pharmaceutical product for a certain amount of time and thus, prevents prices from increasing, since the manufacturer rebate will increase in accordance with an anticipated price increase, resulting in no actual change of the net price (*source: Bundesministerium für Gesundheit, 2016*). For more information on the German market for Parallel Ttrading see "*13.1.2.4. German market for Parallel Trading*".

In order to reduce healthcare costs, Germany currently provides for a regulatory framework that facilitates parallel imports of prescription pharmaceutical products from other Member States with a 5% quota for parallel imported pharmaceutical products.Pursuant to a framework agreement according to § 129 of Volume V of the Social Code (*Fünftes Buch Solzialgesetzbuch* – "**SGB V**") (*Rahmenvertrag über die Arzneimittelversorgung nach § 129 Abs. 2 Sozialgesetzbuch V*) between the Association of German Health Insurance Companies (*Spitzenverband Bund der Krankenkassen*) and the Association of German Pharmacies (*Deutscher Apothekerverband e. V.*) pharmaceutical products must be sold for at least 15.0% or €15.00 less than the product price of the original manufacturer to fulfil the current 5% import quota and to be taken into account by health insurance companies. With effect from July 1, 2019, this framework agreement will be amended and the aforementioned price quotas will be amended, thereby replacing the import quota of 5%. As a consequence, a parallel imported pharmaceutical product will have to be (i) 15% cheaper in the price range between €0–100.00, or (ii) €15.00 cheaper in the price range between €100.00–300.00 or (iii) 5% cheaper if the price is above €300.00 compared to prices of originally marketed pharmaceutical products. This provision is also reflected in a draft bill of the Federal Government for more safety in the supply of medicines (*Gesetz für mehr Sicherheit in der Arzneimittelversorgung* – "**GSAV**"). The state of Brandenburg, however, recently introduced a motion in the German Federal Council (*Bundesrat*) to abolish the aforementioned quotas altogether. The federal government has so far ignored such motion and a recent draft bill of the GSAV does currently not contain any provision to abolish any of the aforementioned quotas or to prohibit any agreement thereto. In February 2019, the state of Brandenburg submitted an amendment to the GSAV, which includes the removal of the aforementioned quotas. Most recently, on March 15, 2019, the German Federal Council (*Bundesrat*) provided a statement with respect to the current draft bill of the Federal Government, again, demanding the abolishment of the aforementioned quotas. It is currently expected that the GSAV will be adopted by the German Parliament (*Bundestag*) on June 6, 2019.

11.9.2 Parallel Distribution

Pharmaceutical products centrally approved by EMA by way of a central marketing authorisation are in principle authorised for Parallel Distribution throughout the EEA. However, due to the requirement of local language, pharmaceutical products distributed in the respective Member State need to be repacked and/or relabelled and provided with a package leaflet in local language to be released on the market.

If a centralised European marketing authorisation was granted for any particular pharmaceutical, a parallel distributor does not require any additional approvals for marketing the relevant pharmaceutical in the respective Member State. It is, however, required to notify the EMA and the competent governmental authorities in all Member States to which it intends to import such pharmaceuticals. In this notification, the parallel distributor is required to inform the relevant authorities of its intent to source, repackage and distribute the relevant pharmaceuticals from one or more Member States to one or more other Member States, and submit all relevant forms and documentation (*e.g.*, intended packaging, licences for compliance with GMP and GDP, which is required for the repackaging and distribution of pharmaceuticals across Europe). The EMA will review whether the notification complies with the relevant centralised European marketing authorisation and the Medicinal Products Directive. If compliance is confirmed, the EMA will issue a parallel distribution notice. According to a ruling of the German Federal Court of Justice of early 2017, such notice does not have the effect of an actual approval, so that the label of pharmaceutical reviewed and not contested by the EMA in the notification procedure is not necessarily lawful and may, *e.g.*, be challenged by the trademark owner of the pharmaceutical. After obtaining a parallel distribution notice, the parallel distributor is still required to notify the EMA of changes (*e.g.*, the introduction of additional sourcing states).

The Medicinal Products Directive requires parallel distributors to notify the marketing authorisation holder of the pharmaceutical which is envisaged to be distributed of their intention to distribute the product.

11.9.3 Parallel Trading and trademark protection

While originator pharmaceuticals usually enjoy trademark protection this does not prohibit the Parallel Trading of such pharmaceuticals. The CJEU has ruled that the owner of a trademark must tolerate the repackaging of branded goods and in some cases even the replacement of its trademark with a trademark used in the destination state, provided that the Parallel Trading company demonstrates that each of the following conditions are met: (i) the repackaging must be "necessary", (ii) the repackaging does not adversely affect the original condition of the product, (iii) the new packaging identifies both the manufacturer and the entity that repackaged the product, (iv) the presentation of the repackaged product is not likely to damage the reputation of the trademark or its owner, and (v) the proprietor of the trademark receives prior notice before the repackaged product is offered. Issues regading these conditions, including the meaning of "necessary", have given rise to a significant number of decisions from the CJEU and national courts over the years.

11.10 Distribution of Unlicensed Medicine and supplying clinical trials

Although its business activities are currently focused on Parallel Trading, Abacus Medicine has begun diversifying its business model by engaging in the sale of Unlicensed Medicine and clinical trial comparator (see "*9.2.3.5. New business operations following the acquisition of Aposave"* and *"12.3.4. Strategic agenda to diversify its business model apart from its core business seeking for margin optimised market opportunities to provide worldwide access to pharmaceutical products under any regulatory status, either clinical, unlicensed or* commercial*"* and "*12.5.4. New business operations conducted by Aposave*.").

11.10.1.1 Trade with Unlicensed Medicine and Managed Access Program

Aposave source registered US and EU origin pharmaceutical products and supply them globally to hospitals, pharmacies and medical professionals in countries where these medicines are either not yet licenced/registered (mainly due to longer registration periods or pharmaceutical companies deciding not to launch the products for commercial reasons) or in short supply. Such pharmaceutical products are also referred to as "**Unlicensed Medicine**" or "**ULM**".

The allowances for the import of Unlicensed Medicine depend on the Regulations in each respective country. As a general rule, the supplier must have a wholesale dealer licence from their country of registration and the customer must have the relevant import permission from their respective regulatory body to import an unlicensed medicine. Aposave holds wholesale dealer licences in the United Kingdom (via Aposave Limited) and in the duty-free zone of Hong Kong (via Aposave Asia Limited).

Further, Aposave has also established a service to provide access to pharmaceuticals still in clinical development ("**Managed Access Program**" or "**MAP**") These programs help to address challenges from growing patient demand for timely access to promising therapies, and help pharmaceutical companies gain an insight into how their new products will be used outside of the clinical trial setting. Managed Access Programs operate under the same regulatory framework as Unlicensed Medicines.

11.10.1.2 Trade with clinical trials supplies

Depending on the geographical location of the client, the supply of clinical trial comparator is either conducted through Abacus Medicine (EU) or Aposave (non-EU). Within the EU, Abacus Medicine is currently supplying both, pre-clinical and phased trial quantities to other comparator suppliers and is entering the global market for supply of pharmaceutical and biotech companies with comparator medicine for clinical trials for which licences are not required.

Outside of the EU, Aposave is currently supplying pre-clinical quantities directly to the sponsor while sales of phased trial quantities directly to these sponsors are projected be initiated by Q1 2019.

12. BUSINESS

12.1 Introduction

Abacus Medicine, established in 2004, is – according to its own estimates – the fastest growing company in the European parallel trading industry for original prescription pharmaceuticals in terms of revenue in the fiscal years ended December 31, 2016 to 2018 with revenue amounting to €177.9 million, €253.1 million and €332.3 million respectively, which corresponds to a compound annual growth rate ("**CAGR**") of 36.7%. Abacus Medicine's growth is based on a large addressable market for Parallel Trading (as defined below) amounting to €5.4 billion in 2017, which is expected to grow to €6.2 billion by 2022 (*source: QVARTZ; EFPIA; IQVIA MIDAS Quantum December 2017*). The high growth has been achieved primarily organically with strategic focus on product portfolio development, product segmentation and multi-market sales, supported by operational excellence throughout the value chain achieved on the basis of advanced and proprietary IT systems and business analytic tools.

Abacus Medicine has developed a strong business platform to support its future growth based on a well-diversified product portfolio with 3,618 marketing authorisations ("**licences**") as of March 31, 2019 (2018: 3,186 licences; 2017: 2,515 licences; 2016: 1,709 licences), which are essential to act in the Parallel Trading industry, a unique multi-market strategy with direct sales in 12 countries, strong sourcing capabilities and a highly-diversified supply network spread throughout European countries.

Abacus Medicine is engaged in parallel import and parallel distribution of pharmaceutical products with highly flexible multi-market sales channels and a particular focus on the growing medium-to-high-price segment (€500–€3,000 per package) and the high-price segment (€3,000 and above per package) of pharmaceutical products primarily used for the treatment of cancer, multiple sclerosis, rheumatoid arthritis, Hepatitis C, HIV, diabetes, nervous system diseases, anti-infectives, blood and cardiovascular system diseases and Alzheimer's.

"**Parallel Import**" refers to the acquisition of pharmaceutical products which are locally-authorised by the competent authority in one member state ("**Member State**") of the European Economic Area ("**EEA**") and the sale of such pharmaceutical products in another Member State by a company that is independent from, and acts in parallel to, the original marketing authorisation holder. In contrast, "**Parallel Distribution**" describes the acquisition of pharmaceutical products centrally-authorised by the European Medicines Agency ("**EMA**") and their sale in parallel to the original marketing authorisation holder. Parallel Import and Parallel Distribution are often and in this Prospectus also referred to as "**Parallel Trade**" or "**Parallel Trading**". As the original manufacturer decides whether to apply for a licence in one of the Member States or for a licence from the EMA, it follows the original manufacturer's decision whether Parallel Trading with the respective pharmaceutical product by a third party falls within the category of Parallel Import or Parallel Distribution. In order to parallel import or parallel distribute a pharmaceutical product, a parallel trading company needs to apply for a licence for each product. The licence includes information about repackaging activities and requirements for translating packaging language for sale in one Member State to another Member State.

Abacus Medicine is headquartered in Copenhagen, Denmark, and as of the date of this Prospectus, consists of 21 companies in 16 countries. Abacus Medicine has warehousing and repackaging facilities in Hungary and the Netherlands while other facilities such as the warehouse and consignment stock located in Germany, have been outsourced to and are operated by third party logistics services providers.

In the three-month period ended March 31, 2019, the Group sourced selected pharmaceutical products in 28 countries via its widespread sourcing network of more than 200 active suppliers (active suppliers are defined as companies from which the Group has sourced pharmaceutical products within the last 12 months) and subsequently repackaged or relabeled such pharmaceutical products and directly sold them mainly to wholesale customers, pharmacies and hospitals across 12 European countries.

Abacus Medicine is constantly examining further market opportunities and new business ideas, in particular any that can be leveraged through its existing product area, supplier network and customer base. From 2018, the Group has increased its investments in three business areas complementary to Parallel Trading: (1) markets for trading of pharmaceutical products that are either not yet licenced in that particular country or in short supply ("**Unlicensed Medicine**") or (2) that are still in clinical development and for which access is being granted to patients upon request of the treating physician ("**Managed Access Programs**") and (3) to enter the global market for supplying both pharmaceutical and biotech companies with comparator medicine for clinical trials ("**Clinical Trials Services**"). These highly synergistic new markets are currently being addressed by the Group's fully-owned group of subsidiaries of Aposave ApS located in Denmark, and including subsidiaries in the Netherlands, the United Kingdom, Hong Kong/China, the United States, Mexico and Brazil ("**Aposave**"). In the three-month period ended March 31, 2019 Aposave generated revenue of €1.8 million. In the fiscal years ended

December 2016, 2017 and 2018, Aposave generated revenue of €0.5 million, €0.8 million and €3.7 million, respectively, which corresponds to a CAGR of 164.2% from 2016 to 2018, demonstrating an early proof of concept. The investments in the new business areas expand Abacus Medicine's addressable market for Parallel Trading from €5.4 bn (2017) to a combined addressable market of Aposave of approximately $9-15 bn (*source: Clinigen, Half-Year Presentation 2019; EFPIA; QVARTZ; IQVIA MIDAS Quantum December 2017*). The development of Aposave as the go-to-market brand for these services is still in the early stages of planning and implementation. Significant investments were made in November 2018, when a managing director with industry experience was recruited to lead the Aposave business through the next phase of expansion. In early 2019, the team has been further expanded by the recruitment of more senior industry experts that add knowledge, experience and a strong network of relevant contacts across these services areas.

The following table provides additional financial information on the Group's business for the periods indicated:

	January 1 – March 31		**January 1 – December 31**		
	2019	**2018**	**2018**	**2017**	**2016**
	(in € mio., unless specified otherwise)		(in € mio., unless specified otherwise)		
	(reviewed)		(audited)		
Revenue [1]	90.4	71.8	332.3	253.1	177.9
Cost of sales [2]	-79.2	-63.4	-291.5	-223.7	-157.2
Gross profit [3]	11.2	8.4	40.8	29.3	20.7
Other external costs	-2.4	-1.7	-8.2	-6.7	-4.5
Staff costs (Personnel expenses)	-5.7	-4.3	-19.0	-12.9	-9.6
Operating profit before depreciations, amortization and special items ("**Adjusted EBITDA**") [4]	3.1	2.4	13.6	9.8	6.6
Special items [5]	–	–	-1.1	-0.4	–
Operating profit before depreciations and amortization ("**EBITDA**") [6]	3.1	2.4	12.6	9.4	6.6
Depreciation and amortisation	-1.2	-0.7	-2.7	-1.9	-1.5
Operating profit (EBIT)	1.9	1.7	9.9	7.6	5.1

[1] Revenue includes revenue contribution of €-0.1 million for the three-month period ended March 31, 2018 and €-0.1 million, €0.2 million and €0.4 million for the fiscal years ended December 31, 2018, 2017 and 2016, respectively, which were related to exclusive producing, marketing and distribution activities carried out by the Company under the brand DayDose and in connection with the Company's purchase of intellectual property rights related to DayDose in the fiscal year ended December 31, 2017 (the "**DayDose Activities**"). On September 1, 2018, the DayDose Activities were sold and transferred to DayDose ApS, a company wholly-owned by Wagner Family Holding ApS.

[2] Cost of sales includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018. Cost of sales of the DayDose Activities is internally calculated by the Company as 80% of revenue related to the DayDose Activities whereas negative revenue related to the DayDose Activities corresponds to positive cost of sales.

[3] Gross profit includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018. Gross profit also includes gross profit contribution related to the DayDose Activities of €-12 thousand for the three-month period ended March 31, 2018 and €-14 thousand, €44 thousand, €76 thousand for the fiscal years ended December 31, 2018, 2017 and 2016, respectively. Gross profit was referred to as „Product profit" in the audited consolidated financial statements as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal years ended December 31, 2016 and December 31, 2015.

[4] Adjusted EBITDA includes net costs (staff costs and other external costs) related to the DayDose Activities amounting to approximately €0.3 million, €0.8 million, €1.4 million and €1.3 million in the three-month period ended March 31, 2018 and the fiscal years ended December 31, 2018, 2017 and 2016, respectively. Further, Adjusted EBITDA includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018 as well as severance payments to a former senior management member and resigned DayDose employees of €0.3 million in the fiscal year ended December 31, 2018 and one-off reorganisation costs of €59 thousand (comprising of legal expenses relating to corporate reorganisation in connection with DayDose Activities as well as the acqusition of Aposave ApS and Originalis B.V.) in the fiscal year ended December 31, 2017. Unaudited for the fiscal year ended December 31, 2016.

[5] Special items are costs incurred in connection with the preparation of the initial public offering (the "**IPO**"), the conversion of the consolidated financial statements from local Danish GAAP to IFRS prior to the IPO as well as costs for external advisors engaged in connection with the preparation of the IPO.

[6] EBITDA includes net costs (staff costs and other external costs) related to the DayDose Activities amounting to approximately €0.3 million, €0.8 million, €1.4 million and €1.3 million in the three-month period ended March 31, 2018 and the fiscal years ended December 31, 2018, 2017 and December 31, 2016, respectively. Further, EBITDA includes an exceptional inventory write-off in respect of a specific pharmaceutical product amounting to €0.5 million for the fiscal year ended December 31, 2018 as well as severance

payments to a former senior management member and resigned DayDose employees of €0.3 million in the fiscal year ended December 31, 2018 and one-off reorganisation costs of €59 thousand (comprising of legal expenses relating to corporate reorganisation in connection with DayDose Activities as well as the acqusition of Aposave ApS and Originalis B.V.) in the fiscal year ended December 31, 2017.

	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio., unless specified otherwise)		(in € mio., unless specified otherwise)		
	(reviewed, unless specified otherwise)		(audited, unless specified otherwise)		
Gross profit	**11.2**	**8.4**	**40.8**	**29.3**	**20.7**
Gross margin (in %) [1]	12.4	11.7	12.3	11.6	11.6
Adjustments for exceptional items:					
Inventory write-off in respect of a specific pharmaceutical product [1]	–	–	*0.5*	–	–
Adjusted gross profit (excluding exceptional items) [1, 2]	11.2	8.4	41.3	29.3	20.7
Adjusted gross profit margin (in %) (excluding exceptional items) [1, 2]	12.4	11.7	12.4	11.6	11.6
Operating profit (EBIT)	**1.9**	**1.7**	**9.9**	**7.6**	**5.1**
Depreciation and amortization	1.2	0.7	2.7	1.9	1.5
EBITDA	**3.1**	**2.4**	**12.6**	**9.4**	**6.6**
EBITDA margin (in %) [1]	**3.4**	**3.3**	**3.8**	**3.7**	**3.7**
Adjusted EBITDA [1]	**3.1**	**2.4**	**13.6**	**9.8**	**6.6** [1]
Adjusted EBITDA margin (in %) [1]	**3.4**	**3.3**	**4.1**	**3.9**	**3.7**
Adjustments for exceptional items:					
thereof: inventory write-off in respect of a specific pharmaceutical product [1]	–	–	*0.5*	–	–
thereof: costs for reorganisation and severance payments [1]	–	–	*0.3*	*0.1*	–
Adjusted EBITDA (excluding exceptional items) ("Adjusted EBITDA II") [1]	**3.1**	**2.4**	**14.5**	**9.9**	**6.6**
Adjusted EBITDA margin (excluding exceptional items) (in %) ("Adjusted EBITDA II Margin") [1]	**3.4**	**3.3**	**4.3**	**3.9**	**3.7**
Costs for DayDose Activities [1]	–	*0.3*	*0.8*	*1.4*	*1.3*
Adjusted EBITDA (excluding exceptional items and DayDose Activities) ("Adjusted EBITDA III") [1]	**3.1**	**2.7**	**15.3**	**11.2**	**8.0**
Adjusted EBITDA margin (excluding exceptional items and DayDose Activities) (in %) ("Adjusted EBITDA III Margin") [1]	**3.4**	**3.8**	**4.6**	**4.4**	**4.5**

[1] Unaudited and unreviewed.

[2] Including gross profit contribution related to the DayDose Activities of €-12 thousand for the three-month period ended March 31, 2018 and €-14 thousand, €44 thousand and €76 thousand for the fiscal years ended December 31, 2018, 2017 and 2018, respectively.

Since its market entrance in 2012, the Group has had a specific focus on the German market which accounted for approximately 57.0% of the Group's revenue in the fiscal year ended December 31, 2018, while the Netherlands, Sweden and Denmark accounted for 12.0%, 11.8% and 11.3% of the Group's revenue, respectively. The following table provides additional information on the Group's geographical allocation of revenue for the periods indicated:

	January 1 – March 31		January 1 – December 31		
	2019	2018	2018	2017	2016
	(in € mio.)		(in € mio.)		
	(reviewed)		(audited)		
Denmark	12.2	5.7	37.6	34.8	17.3
Sweden	9.9	7.9	39.3	39.9	40.1
Germany	45.3	45.9	189.6	149.9	102.9
The Netherlands	12.2	8.3	39.8	14.7	8.3
Other countries	10.9	4.1	26.1	13.7	9.3
Total	**90.4**	**71.8**	**332.3**	**253.1**	**177.9**

12.2 Strengths

The Company believes that the development of Abacus Medicine's business benefits primarily from the following strengths:

12.2.1 Strong-positioned in fast growing medium-to- high-price and high-price segments in a stable market for Parallel Trading

According to own calculations and based on official reports on the pharmaceutical industry (*e.g.,* Evaluate Pharma; QVARTZ), Abacus Medicine has segmented the Parallel Trading market into four strategic price segments: (1) low-price segment (up to €50 per package), (2) the medium-price segment (€50–€500 per package), (3) the medium-to-high-price segment (€500–€3,000 per package), and (4) the high-price segment (above €3,000 per package). With average sales prices per unit of approximately €382 in the fiscal year ended December 31, 2018 (2017: approximately €426; 2016: approximately €453) (*source: Company's own calculation based on internal data*), Abacus Medicine has taken the strategic decision to focus on the medium-to-high- and high-price segments with a particular focus on the treatment of cancer, multiple sclerosis, rheumatoid arthritis, Hepatitis C, HIV, cardiovascular, diabetes, nervous system, anti-infectives, blood and cardiovascular system and Alzheimer's.

According to Evaluate Pharma, the European Parallel Trading market is expected to experience further growth at a CAGR (2017 – 2022) of 2.5% (*source: EFPIA; QVARTZ*). The high-price segment (above €3,000 per package) and the medium-to-high-price segment (€500–€3,000 per package) are expected to grow at a CAGR of 17.4% and 5.7%, respectively, while the medium-price segment (€50–€500 per package) slightly decreases at a CAGR of -0.4% and the low-price segment (up to €50 per package) is expected to decrease at a CAGR of -5.2%. This consumption shift has influenced the Company's revenue in the past and bolstered Abacus Medicine's position as a top three Parallel Trading company in the EEA/EU in 2018, with a share of revenue in the high-price segment of 39.0% (above €3,000 per package) and with a share of revenue in the medium-to-high-price segment of 26.0% (€500–€3,000 per package) (as measured by the Company's share of revenue in the medium-to-high and high-price segment compared to competitors' share of revenue in these segments) (*source: IQVIA MIDAS Quantum December 2018*). Therefore, Abacus Medicine believes that it has a strong market position especially in the expectedly fast growing medium-to-high-price and high-price segments.

12.2.2 Well-diversified product portfolio with revenues closely linked to product licences granted and low product dependency

In order to conduct Parallel Trading with pharmaceutical products, companies are required to obtain a licence from the relevant authority, which is either the EMA (EU centralised licence) or a national medicines agency (decentralised licence). Abacus Medicine believes that its revenue growth is closely related to growth in licences granted by the respective authorities. As of March 31, 2019, Abacus Medicine had a large and well-diversified portfolio of approximately 3,618 licences. The total number of licences (*i.e.*, the total number of licences, granted either by the EMA or national authorities to the Group) increased from 1,709 in 2016, to 2,515 in 2017 and 3,186 in 2018 and in the period 2016-2018 increased at a CAGR of 36.5% which corresponds to the increase in revenue which has increased at a CAGR of 36.7%, respectively. An important factor for the increase in licences was Abacus Medicine's proprietary software system "Motrix", which fostered the application processes by streamlining internal business processes *inter alia* between the regulatory and product development

department, and by providing access to a wider range of data, *e.g.* supplier information, profit margins, patent expiry, etc. The average revenue per licence remained relatively stable in the fiscal years 2016, 2017 and 2018 at €0.13 million, €0.12 million and €0.12 million, respectively. The Company believes to have received 49.4% more EMA licences than its closest competitor in 2018 and 5.2 times more than the average of its top ten competitors, when calculating one licence per sales country. In the fiscal year ended December 31, 2018 no single product contributed more than 9.2% of revenue, while the share of revenue of the Top 10 products was 37.3%.

12.2.3 Strong sourcing capabilities and highly diversified and reliable network of suppliers spread throughout Europe

Abacus Medicine has access to a large network of suppliers that has continuously grown over the past years and is well-diversified across suppliers and countries. The Company currently sources pharmaceutical products from more than 200 active suppliers (active suppliers are defined as companies from which the Group has sourced pharmaceutical products within the last 12 months), while the number of supplying countries increased from 12 in 2007 to 22 in 2012 and to 28 in 2018. The Company's product portfolio strategy is closely linked to its sourcing strategy, particularly with regards to the identification and qualification of suppliers that are qualified to supply the specific product category which Abacus Medicine is focused on. The strong sourcing capabilities of Abacus Medicine are also supported by its increasing importance as a powerful purchaser demonstrated by the significant growth in purchase values over the last years. From 2016 to 2017, purchase values have increased by 41.1% from approximately €164.6 million to approximately €323.0 million and by 37.8% to approximately €320.0 million in 2018. Dependencies from suppliers have successfully been reduced over the Company's lifetime. In the fiscal year ended December 31, 2018, the top ten suppliers (on an entity level) accounted for approximately 32% of sourcing spent. As of March 31, 2019, no supplier (on an entity level) accounted for more than 6.5% of sourcing spent (2018: 6.5%; 2017: 5.1%; 2016: 6.1%).

12.2.4 Highly scalable business model driven by data analytical capabilities

Abacus Medicine has implemented its own supplier qualification system, which helps to set high standards in operational processes and enables Abacus Medicine to quickly and efficiently adapt to changes in the markets where the Company operates. For example, Motrix, the Company's proprietary IT system, optimises the Company's operations, *e.g.* its negotiation position with suppliers by constantly monitoring sourcing costs across EEA markets and by taking into account a multiple of purchase variables, *e.g.*, purchase and sales prices in different countries and at different supplier levels or transport and repackaging costs to ensure a multi-market positioning (for further information as to Motrix see "*9.2.3.3. Analytic business intelligence tools*" and " *12.7. Information technology.*"*)*. Based on its track record and proven expansion strategy and its customised IT platform Motrix, Abacus Medicine has set a 9.2.3.3strategic agenda to diversify its business outside of the core activity of Parallel Trading and to generate synergies by exploring new business areas under the brand Aposave by leveraging Abacus Medicine's purchasing power and its proven international expansion track record for entering new markets and business activities. Additionally, Aposave is able to compete on lead time by holding inventory in the product portfolio and thereby mitigating inventory risk since these products can be mutually sold through Abacus Medicine's Parallel Trading sales channels (for further information as to Aposave's business areas see "*12.3.4. Strategic agenda to diversify its business model apart from its core business seeking for margin optimised market opportunities to provide worldwide access to pharmaceutical products under any regulatory status, either clinical, unlicensed or commercial.*" and "*12.5.4. New business operations conducted by Aposave*.").

12.2.5 Unique multi-market positioning allowing for a highly flexible business model supported by a proprietary platform of excellence

Abacus Medicine has adopted a multi-market positioning not only by sourcing from 28 countries but also by direct sales into 12 European countries currently using a variety of sales channels such as wholesalers. This provides the Group with access to a multitude of sales options and opportunities with regard to any of the pharmaceutical products offered by the Group and enables the Group to quickly adapt to fluctuations in market prices, currencies, changes in the regulatory framework and demand, thereby safeguarding growth and profitability whilst minimising risk. This high level of agility allows Abacus Medicine to strategically transfer sales to other sales channels.

According to the Group's own estimates, Abacus Medicine is one of the few parallel trading companies which actively and directly sells in 12 countries and believes that none of its competitors is active in a comparable

number of countries. The wide range of choices resulting from the Group's multi-market positioning is an essential competitive strength against its competitors not only on a day-to-day basis but also when it comes to potential returns of products or unexpected decreases in prices in certain Member States. Having the ability to sell the same product in several countries gives flexibility in sourcing and sales decisions, reduces inventory risk, leads to diversification from potential regulatory disruption caused by national legislation and allows the Company to allocate products to the most profitable customers. In order to navigate the economical and legal complexity resulting from this multi-market positioning and to achieve fast process times in production and logistics, Abacus Medicine uses technically advanced methods such as its proprietary IT-system Motrix for analysing diverse and complex data in real time and at every stage of its entire value chain. Motrix enables the analysis of sourcing and sales opportunities based on volume and pricing potential, freight considerations, and other market conditions such as currency fluctuations. Motrix contains the entire product flow which to its knowledge provides Abacus Medicine with a unique level of transparency and accessibility to information and, thereby minimising price risks and optimising process time. The system also contains regulatory guidelines with a clear focus on minimising the risk of errors. Motrix also contains a cost allocation system which provides a "real-time" overview of the cost related to the products and the pricing on the end-market. By developing and using Motrix, Abacus Medicine believes that it has achieved one of the best process times in the market.

12.2.6 Strong financial performance with steep growth trajectory, robust margins and attractive return on invested capital

Abacus Medicine has followed a rapid expansion path and still demonstrated a strong financial performance in recent years. The Group's revenue grew significantly from €177.9 million in the fiscal year ended December 31, 2016 to €253.1 million in the fiscal year ended December 31, 2017 and to €332.3 million in the fiscal year ended December 31, 2018 corresponding to a CAGR of 36.7%.

The Group's adjusted gross profit (excluding exceptional items) increased correspondingly from €20.7 million in the fiscal year ended December 31, 2016 to €29.3 million in the fiscal year ended December 31, 2017 and to €41.3 million in the fiscal year ended December 31, 2018 corresponding to a CAGR of 41.7% for the respective period, with the Group's adjusted gross margin (excluding exceptional items) remained relatively stable at 11.6% for the fiscal years ended December 31, 2016 and 2017 increased at to 12.4% in the fiscal year ended December 31, 2018.

The Group's Adjusted EBITDA III (excluding exceptional items and DayDose Activities) increased from €8.0 million in the fiscal year ended December 31, 2016 to €11.2 million in the fiscal year ended December 31, 2017 and to €15.3 million in the fiscal year ended December 31, 2018 corresponding to a CAGR of 38.6% for the respective period. Due to investments in the organisation to support future growth, the Group's Adjusted EBITDA III Margin has decreased from 3.8% in the three-month period ended March 31, 2018 to 3.4% in the three-month period ended March 31, 2019 and has decreased from 4.5% in the fiscal year ended December 31, 2016 to 4.4% in the fiscal year ended December 31, 2017 and increased to 4.6% in the fiscal year ended December 31, 2018.

Similarly to the rapid growth, the Group's capital expenditures (CapEx) increased from €2.0 million in the fiscal year ended December 31, 2016 (corresponding to 1.1% of the Group's adjusted revenue) to €5.3 million in the fiscal year ended December 31, 2017 (corresponding to 2.1% of the Group's adjusted revenue) and to €8.9 million in the fiscal year ended December 31, 2018 (corresponding to 2.7% of the Group's adjusted revenue) with relatively low maintenance CapEx requirements.

The Company's return on invested capital (ROIC) increased from 8.1% in the fiscal year ended December 31, 2016 to 11.4% in the fiscal year ended December 31, 2017 and slightly decreased to 11.2% in the fiscal year ended December 31, 2018 which was impacted by an extraordinary inventory build-up at the end of 2018 due to the implementation of the Company's ERP system and ahead of the implementation of the FMD in early 2019.

12.2.7 Entrepreneurial and highly experienced management team

The Group has an entrepreneurial and highly experienced management team supported by a strong execution team. The Group's Chief Executive Officer, Flemming Wagner, founded the Group in 2004 after having experienced over 13 years in leading positions in the pharma industry. The Chief Financial Officer, Henrik Knudsen, has over 25 years of experience in CFO positions. They are supported by a team of industry professionals with extensive experience in the pharma industry and with pharmaceutical products and Parallel Trading which they have gained inside and outside the Company. Together with the recent recruitment of Aposave's highly experienced managing director in November 2018, the Group believes that the collective

industry knowledge and experience of its management team will enable them to continue to sustainably grow the Group's business and execute its ambitious strategies.

12.3 Strategy

Abacus Medicine intends to strengthen and expand its position further in all relevant EU markets as a leading Parallel Trading company in pharmaceutical products. It intends to achieve this on the basis of its already proven growth platform, its diversified product portfolio and supplier base, and especially with a further expansion of its strong position in terms of innovation and data technology as well as by further diversifying its business, product portfolio and its supplier and customer base as part of its mid-to-long-term strategy.

The following items are the core aspects of Abacus Medicine's strategy:

12.3.1 Solid growth strategy focused on gaining market shares in its current markets and entering into new markets for Parallel Trading

In 2017, the European countries together accounted for a market in Parallel Trading of approximately €5.4 bn. which is expected to increase to €6.2 bn. by 2022 at a CAGR of approximately 3% (2017 – 2022) (*source: EFPIA; QVARTZ; IQVIA MIDAS Quantum December 2017)*. Abacus Medicine's current core markets include Germany with a market share of 7.0%, Denmark 10.7% and Sweden 9.0% (*source: IQVIA MIDAS 2018*). According to the Company's own estimates, its market share for Parallel Trading in the Netherlands amounted to 2.3% (*source: IQVIA MIDAS Quantum December 2018)*. Abacus Medicine intends to further strengthen its position in these countries by gaining additional market shares. A particular focus will remain on the high-price (above €3,000 per package) and medium-to-high-price segment (€500–€3,000 per package) in which Abacus Medicine believes it is already well positioned (see "*12.2.1. Strong-positioned in fast growing medium-to- high-price and high-price segments in a stable market for Parallel Trading.*") as these segments are projected to experience further substantial growth, with growth estimates for Germany at a CAGR of 15%, Sweden of 16%, Denmark of 20%, the Netherlands of 27% between 2017 and 2022 (*source: QVARTZ; EFPIA, Evaluate Pharma, October 2017*). Furthermore, based on its experience in entering new markets and on its multi-market strategy, Abacus Medicine has created market entry strategies for France, Finland, Norway, United Kingdom, Ireland, Luxembourg and Belgium with the vision of becoming a Pan-European company active in Parallel Trading in the EU/EEA, while additional market entries are at early stages of consideration.

12.3.2 Expansion of licence portfolio

Abacus Medicine intends to continue to significantly increase its portfolio of licences at a high rate compared to its closest competitors. To support this strategy, the Company aims to further enhance its structured and systematic process for identifying new and profitable products. Product portfolio development is supported by a high number of well-trained and dedicated employees and analytical processes supported by Motrix. The Company believes that there is a strong correlation between its revenue growth and its growing number of licences. In addition, a constantly developing and growing product portfolio makes Abacus Medicine in its opinion an attractive business partner for both its network of suppliers and for its customers. As of March 31, 2019, Abacus Medicine had a product portfolio of licences consisting of 3,618 licences in total. The total number of licences (*i.e.*, the total number of licences, granted either by the EMA or national authorities to the Group) increased from 1,709 in 2016, to 2,515 in 2017 and to 3,186 in 2018 (including dormant licences as well as multiple country licences). Beyond organic growth, Abacus Medicine is further seeking strategic initiatives to gain market share, *inter alia*, by targeting potential acquisitions of licence portfolios in order to accelerate its market perception in existing markets and foster its growth in new markets for Parallel Trading.

12.3.3 Expansion into medium-price segments while further diversifying its customer base

Building on its existing network of suppliers (see "*12.2.3. Strong sourcing capabilities and highly diversified and reliable network of suppliers spread* throughout Europe."), and in addition to its continued focus on the medium-to-high-price segment, the Group intends to also intensify its focus on the high-end of the medium-price segment (€200–€500 per package) to reach different types of customers with a broader product portfolio. In Denmark, for example, this expansion strategy is particularly evident as high-price products are solely sold to hospitals whereas pharmacies representing a significant portion of market participants often request lower-priced products. Between 2012 and 2018, the Group's revenue in the medium-price segment increased from 16.0% to 26.3% (*source: Company's own calculation based on IQVIA MIDAS Quantum December 2018*). Additionally, by increasing the basket with medium-price segments from suppliers in general, the Company expects to

increase its access to pharmaceutical products in the medium-to-high-price segment and high-price segment by widening its product portfolio, thereby strengthening relationships with its suppliers and customers.

12.3.4 Strategic agenda to diversify its business model apart from its core business seeking for margin optimised market opportunities to provide worldwide access to pharmaceutical products under any regulatory status, either clinical, unlicensed or commercial

Based on its track record and proven expansion strategy and its customised IT platform Motrix, Abacus Medicine has set a strategic agenda to diversify its business outside of the core activity of Parallel Trading and to generate synergies by exploring trading of Unlicensed Medicine, gaining access to Managed Access Programs and exploring Clinical Trial Services under the brand Aposave by leveraging Abacus Medicine's purchasing power and its proven international expansion track record for entering new markets and business activities. This diversification materialised by Abacus Medicine trading under a different corporate entity (Aposave) in those additional business areas in order not to dilute the brand's strong reputation in Parallel Trading while simultaneously leveraging Abacus Medicines' purchasing power. Additionally, Aposave is able to compete on lead time by holding inventory in the product portfolio and thereby mitigating inventory risk since these products can be mutually sold through Abacus Medicine's Parallel Trading sales channels.

Although these strategic options are still in early stages of planning, Abacus Medicine has already entered into an initial phase of supplying customers with comparator drugs for Clinical Trial Services and the Company believes to be able to successfully capitalise on the broad know-how and sourcing network of Abacus Medicines. The Company also expects that the Unlicensed Medicine business will provide a stronger position to supply its customers through the globally established manage access programs (MAP). MAP can be viewed as an extension of the business of Unlicensed Medicine where original manufacturers outlicence supply and distribution of their products in geographical areas where their products are not registered, and thus, secure part of the sales through partner programs.

These sales channels will strengthen the Group's direct relationship with hospitals globally, and facilitate the Group's business partnerships with original manufacturers. Aposave's goal is to become a household name for doctors, hospitals, and sponsors worldwide within the next five years. Abacus Medicine believes that these pharmaceutical services provided by Aposave are highly synergistic to its existing and well-established Parallel Trading core business and benefits from the Group's business data analytics capabilities and sourcing network.

The total addressable market for Unlicensed Medicine is estimated at $5 to $10 bn in 2018, and the total addressable market for Clinical Trials Services is estimated at $4-5 bn (*source: Clinigen, Half-Year Presentation 2019*).

12.3.5 Further optimise operations and market analysis for Abacus Medicine's core Parallel Trading business

Abacus Medicine seeks to further optimise its data gathering and analysis processes by reducing the amount of manual input required to maintain Abacus Medicine's database in the IT platform Motrix. In addition, the Company intends to increase connectivity between different IT systems and multiple databases used by the Company, allowing its purchasing and sales departments faster access to even more extensive and better-prepared data, a process which has already been initiated with the launch of the first phase of a new ERP System with further phases to come in the next years also in light of the extension of the Aposave business.

12.4 History and organisational structure

12.4.1 Company history

Abacus Medicine was established in 2004 by Flemming Wagner and his father John Wagner, and it has since then experienced strong, primarily organic growth. While the Company initially focused on the Danish and Swedish markets (since the years 2006 and 2010, respectively), Abacus Medicine started its geographic expansion by entering new markets in Germany in 2012, in the Netherlands in 2014 and in Austria and the United Kingdom in 2015. In 2017 and 2018, Abacus Medicine strengthened its EU/EEA existing market presence in Belgium, Finland, Ireland, Norway, Luxembourg and France.

In 2012, Abacus Medicine established Abacus Medicine Hungary Kft., a Hungarian subsidiary which operates as the Group's central warehouse and repackaging facility. Since 2013, quality assurance has taken place through Abacus Medicine B.V., a Dutch subsidiary. In November 2018, Abacus Medicine started performing repacking

and warehouse activities for the Group in the Netherlands through Abacus Medicine B.V., complementing the existing facility in Hungary. The Company expects this new site to have a production capacity of approximately 10–15% of the total annual production and intends to use it also for warehousing products for Aposave.

Additionally in 2018, Abacus Medicine has brought a second distribution center into operation in Velten, Germany (near Berlin) which serves as a hub for the German market and which is owned and run by a third party logistics provider.

Further growth initiatives were launched in 2016, when Abacus Medicine began the distribution of Unlicensed Medicine across the EU/EEA while sales outside of the EU/EEA are being conducted through the wholly-owned subsidiary Aposave ApS ("**Aposave**"). Since 2010, the Company has been awarded eight times with the Danish financial times (Børsen) "Gazelle" award for fastest growing companies in Denmark. In November 2017, the Company was listed for the second time with the Danish Newspaper (Berlingske Business) on their "Goldmakers list" representing the 50 best performing Danish companies in terms of growth and profit. On March 13, 2018, the Company has been awarded with the European Business Award as a national winner for the "Business of the year award with turnover of €150 million or higher".

12.4.2 Organisational structure

ABACUS MEDICINE A/S, Copenhagen, Denmark is the parent company of the Group, which – as at the date of this Prospectus – consists of 21 companies in 16 countries.

The Issuer performs certain Group management functions such as strategy, integration, risk management, Group accounting and controlling, treasury, legal, taxation, investor relations, Group marketing and public relations as well as certain parts of the operating business, including IT infrastructure and data analytics services with respect to the Group's sourcing and supply chain and sales and portfolio development. The Issuer also provides for Group-wide guidelines for the entire business, such as a code of conduct and policies (*e.g.,* with respect to IT and privacy) to ensure quality and performance.

Each of the Issuer's subsidiaries is, in general, responsible for specific services and operations supporting the overall business and strategy of the Issuer.

In addition to those subsidiaries active in the business of Parallel Trading, the Issuer is also the parent company of Aposave ApS and its further subsidiaries in the Netherlands, the United Kingdom, Hong Kong/China, the United States, Brazil and Mexico, conducting the trade with Unlicensed Medicine and Clinical Trials Services.

A diagram of the corporate structure of the Group is provided in section "*15.5. Group structure*". For the current and future shareholder structure see "*18.1. Current shareholders and future shareholder structure*".

12.5 Business operations

12.5.1 Parallel Trading

"Parallel Import" refers to the acquisition of pharmaceutical products which are locally-authorised by the competent authority in one EEA Member State and the sale of such pharmaceutical products in another Member State by a company that is independent from, and acts in parallel to, the original marketing authorisation holder. In contrast, "Parallel Distribution" describes the acquisition of pharmaceutical products centrally-authorised by the EMA and their sale in parallel to the original marketing authorisation holder. Parallel Import and Parallel Distribution are often and in this Prospectus also referred to as "**Parallel Trade**" or "**Parallel Trading**".

The Company's sourcing of pharmaceutical products is primarily performed in EU/EEA Member States where prices are relatively low, while resales are being made mainly into other Member States, where pricing levels are typically substantially higher. Therefore, in economic terms, Parallel Trading is a consequence of leveraging different price levels for pharmaceutical products within the national markets within the EEA. While in some countries, such as Denmark and Germany, the regulatory framework facilitates Parallel Trading (*e.g.*, by requiring pharmacies to sell a minimum percentage of prescription pharmaceuticals imported from other EEA Member States) other Member States (such as the Netherlands) have not enacted a similar regulatory frameworks. Even though the Company benefits from such regulatory frameworks the Company believes not to be overall dependent on such regulatory frameworks.

In order to evaluate and supervise pharmaceutical products and for the benefit of public health and to ensure patient safety, pharmaceutical products are developed, approved, manufactured, traded and used under complex and demanding regulatory schemes. For the same reason, Parallel Trading is also strictly regulated, and market

participants active in Parallel Trading are subject to the same regulatory requirements as the original manufacturers and undergo regular stringent controls by the relevant national and European regulatory authorities to the extent these requirements and controls apply to Parallel Trading. For a more detailed description of the applicable legal framework see "*11. Regulatory Environment*".

Abacus Medicine and its subsidiaries are approved by the respective National Medicine Authorities and have obtained licences for compliance with EU GMP and/or GDP, which entitles the Company and its subsidiaries to repackage and distribute pharmaceutical products across Europe. Abacus Medicine holds both national and EMA licenses. As per March 31, 2019, Abacus Medicine had a total number of 3,618 licenses, thereof 2,703 EMA licenses and 915 national licenses. In the fiscal year ended December 31, 2018, Abacus Medicine had a total number of 3,186 licenses, thereof 2,597 existing EMA licences with 487 new EMA licences obtained in 2018 and 589 existing national licenses (fiscal year ended December 31, 2017: total of 2,515 licences, thereof 2,059 existing EMA licences with 614 new EMA licences obtained in 2017 and 456 existing national licences; fiscal year ended December 31, 2016: total of 1,709 licences, thereof 1,445 existing EMA licences with 507 new EMA licences obtained in 2016 and 264 existing national licences).

The Group considers the following subsidiaries to be material for the functions of its business:

Name of subsidiary (100% shareholding each)	Registered Office	Group Function	Year of Establishment
Abacus Medicine Hungary Kft.	Hungary	Repacking and Relabelling Facility	2011
Abacus Berlin GmbH.	Germany	Parellel Trading in pharmaceutical products	2015
Aposave ApS	Denmark	Parent company of the Aposave group	2017

12.5.2 Product processing

Abacus Medicine covers the entire value chain for distributing Parallel Traded pharmaceutical products. Once a product has been systematically identified to complement the existing product portfolio (see "*12.5.2.1. Product selection and portfolio development.*") and has been sourced (see "*12.5.2.2. Product supply and supply chain.*"), the product is transported to Abacus Medicine's repacking facility located in Hungary for repackaging or relabelling and, following a quality check (see "*12.5.2.4. Quality control.*") transported to either the customer, one of the Group's warehouses or one of the Group's partner warehouses (see "*12.5.2.5. Warehousing and distribution.*") for further distribution to the Groups' customers.

12.5.2.1 Product selection and portfolio development

Abacus Medicine's product selection and portfolio development department is continuously searching the market for new pharmaceutical products to expand its existing product portfolio, which is also regularly evaluated. The Company has a structured and systematic identification and evaluation process aiming at the selection of the most profitable products in consideration of related costs, risks and margin contribution. The selection process spans from idea generation to the licence application and is supported by analytical processes performed by Motrix. As of March 31, 2019, the product selection and development team consisted of 15 full-time employees, and the regulatory department processing the applications consisted of 67 employees. The Company believes that it has a high number of well-trained and dedicated employees to handle the portfolio development activities, which the Company believes to be an important factor that differentiates the Company from its competitors in terms of received licences. The Company considers a clear link between the high growth in number of licences and revenue. The portfolio development department is headed from the Group's parent company in Copenhagen while most of the team members are based in Budapest, Hungary.

While the product selection and development team in Copenhagen provides information about the product, the product quantity and estimated sales prices, the product selection and development team in Budapest subsequently checks the availability of sourcing prices for the product and assesses if the information is sufficient to proceed and asks for quotes from the suppliers. Both portfolio development and regulatory teams provide detailed information regarding the potential new product, prior to performing a final evaluation and information, whether it is desirable to proceed. Once positively decided, the product is added to the new product list. The product selection and portfolio development process usually lasts up to three weeks.

Afterwards the necessary regulatory steps will be initiated by filing an application for the required licence. The application process is handled by the regulatory team, which is mainly located at the Company's repackaging

facility in Budapest, Hungary. Whether Abacus Medicine applies for a licence for all potential sales markets or only for selected markets is decided on a case-by-case basis. This part of the portfolio development process usually last up to three weeks.

The periods for obtaining approval takes approximately 60 working days for EMA licences and between one to twelve months for national licences. For pharmaceutical products that are subject to a centralised European marketing authorisation with member states of multiple destinations being either Austria/Germany, Belgium/Luxembourg or United Kingdom/Ireland/Malta and for which Abacus Medicine already holds a licence in one of the countries within these country combinations is only required to notify the EMA by means of a notification of change (lead time: one month) or through an annual update (lead time: three months). Once a licence is obtained, Abacus Medicine notifies the trademark holder together with a sample displaying the product as the Company plans to market it. The trademark holder has a 15 working days response time to raise objections. Following the lapse of the response time, Abacus Medicine is allowed to market and sell the respective pharmaceutical product in compliance with the licence, provided that certain other requirements are met (see "*11.9.3. Parallel Trading and trademark protection*".). The Company closely monitors and analyses the future patent expiries to continuously optimise the Company's product portfolio and to ensure an appropriate licence and product purchase strategy. As many new products are to be patented in the same period when patents expire while additionally, biologicals are still being sold after patent expiry and these new biosimilars offer further opportunities for Parallel Trading, the Company is of the opinion that the patent expiry of pharmaceutical products will not influence the overall pharmaceutical industry negatively and thus not impede the opportunities for Parallel Trading.

12.5.2.2 Product supply and supply chain

Abacus Medicine's purchase department in Denmark is responsible for ordering products from suppliers throughout the EU/EEA. As of March 31, 2019, the purchase department consisted of 16 full-time employees as purchaser (as of December 31, 2018: 15 employees; as of December 31, 2017: 11 employees; as of December 31, 2016: 6 employees). Each purchaser is responsible for specific sourcing countries and specific end-markets. Suppliers are mostly wholesalers and only in rare cases manufacturers. All suppliers are required to maintain an authorisation to distribute medicine in accordance with national and EU GMP and GDP requirements. Abacus Medicine has its own supplier qualification process with all suppliers being examined by the Group's quality assurance department regarding delivery errors, documentation, supplier qualification, quality assurance and quality of the suppliers' warehouses, which is regularly being enhanced by the Company.

In the three-month period ended March 31, 2019, Abacus Medicine sourced pharmaceutical products from more than 200 active suppliers (*i.e.*, active suppliers that completed at least one commercial transaction during the year) throughout Europe, whereas no supplier (on an entity level) accounted for more than 6.5% of sourcing spent in the same period.

12.5.2.3 Repackaging of products

The Group's supply chain management located in Denmark coordinates the regular transports of products purchased from suppliers throughout Europe to the Group's main repackaging and warehouse facility in Budapest, Hungary. A second production site in the Netherlands has started operations in November 2018.

The Hungarian repackaging and warehouse facility in Budapest holds a GMP and GDP licence. Its activities encompass overall repackaging (including the production of leaflets and labels), storage and warehouse activities, which are subject to a complex quality assurance and monitoring process.

Once pharmaceutical products arrive at the Budapest premises, they are unloaded in a manner to prevent them from being exposed to weather conditions and to ensure cold chain requirements at any time. Only after passing all receipt control tests (see "*12.5.2.4. Quality control.*"), the pharmaceutical products are released for repackaging or relabelling. The original pharmaceutical products are being repackaged in compliance with the licence held for the end-market country and the repackaging instruction prepared by the regulatory department. The repackaging and warehouse facility allows for repackaging in ambient and cooled conditions. The Budapest site also provides for a printing facility, where Abacus Medicine produces some of the leaflets and labels required for the distribution of pharmaceutical products enabling Abacus Medicine to achieve faster services vis-à-vis its customers which has led to more efficiency. The Hungarian facility operates with 395 full-time employees as of March 31, 2019 from Monday to Saturday in two shifts in production, with the warehouse team also arranging dispatches on Sundays. Its capacity has recently been expanded to approximately 9,000 square meters which the Company believes is adequate for several years of expansion. Additionally, the Company has a second production site in the Netherlands adding further flexibility and further capacity expansion possibilities.

The Group's supply chain management is also responsible for prioritising the repackaging and planning the distribution of finished goods to customers, warehouses or consignment stock in different EU Member States. In the three-month period ended March 31, 2019, the Group received an average of approximately 65,000 packs per months while an average of approximately 51,000 packs per months were repacked and dispatched from the warehouse. The reason for less outgoing than ingoing packs is the fact that many Parallel Traded products are repacked from one pack size (*e.g.*, 28 tablets) to another pack size (*e.g.*, 56 tablets). Transport is carried out by specialised and approved logistics partners. Abacus Medicine generally achieves delivery times of 3–6 weeks between the pick-up from supplier to the delivery to customers, which the Company believes to be best-in-class and which contribute a valuable skill as fast delivery services and high order fulfilment percentages are vital to wholesalers and end customers.

12.5.2.4 Quality control

Parallel Trading companies are subject to the same stringent *regulatory* requirements as the original manufacturers and undergo frequent controls by the competent national and European regulatory authorities. The Group's operations are based on a quality system which applies to all companies within the Group to ensure a unified high quality standard for the entire Group.

Pharmaceutical products have to meet specific regulations described in the licences and GMP and GDP standards. Abacus Medicine has introduced a risk assessment procedure that comprises several levels of quality and operational controls to mitigate potential delivery deficiencies of suppliers (see "*1.2.1. Quality deficiencies in the pharmaceutical products sold by Abacus Medicine (including falsified and counterfeit products) may result in warranty claims and losses in sales and damage the reputation of the Company.*").

Samples from each incoming batch of purchased pharmaceutical products as well as from each processed batch of repacked or re-labelled pharmaceutical products are examined by the quality assurance department on the basis of the specifications included in the licences and the repacking instructions prepared by the regulatory department and approved by the quality assurance department. The quality assurance department is also responsible for releasing the final pharmaceutical products for sale in any of the Member States where Abacus Medicine is selling pharmaceutical products.

12.5.2.5 Warehousing and distribution

The Group's main warehouse facility is located in Budapest, Hungary, where almost all products are transported to by suppliers and which has been renovated in 2018. Other warehouse premises are operated by Abacus Medicine in the Netherlands and to some extent in the United Kingdom and Denmark where GDP facilities are utilised by Abacus Medicine. Other warehouse facilities and consignment stocks located in Germany, the Netherlands, United Kingdom, Finland, Ireland and Belgium have been outsourced to and are operated by third party logistics services providers. In Germany, all products designated for the German market are sent to the German consignment stock in Velten (near Berlin) and from there are delivered directly to German customers and thereby achieving a short turnover period to the final customer. It is possible for the Company to deliver with a 24h delivery infrastructure for pharmaceutical products in Germany.

The warehouses in Germany and Hungary hold the highest value in terms of inventory. Abacus Medicine is constantly focused on reducing process time, optimising inventory turnover and thereby minimising inventory risks, whilst constantly reducing total logistics costs. As the Company deals primarily with medium-to-high-price and high-price pharmaceutical products limiting total process times is vital for the Group's success. Products are transported via a network of mostly local third party logistics providers that have grown in size with Abacus Medicine over the last years. Abacus Medicine achieved relatively high inventory turnover (*i.e.,* the number of times inventory is sold or used) of 6x in the fiscal year ended December 31, 2018 (2017: 8x; 2016: 11x) taking into account an inventory build-up following the strategic decision of the Company's management to increase the Company's inventory as a safety cushion in the light of the simultaneous implementation of the Company's ERP system and the FMD which became effective in February 2019. Following the successful implementation of the ERP system and FMD introduction, this inventory safety cushion is not needed any longer, reducing inventory levels again and thus increasing inventory turnover.

Further, Abacus Medicine reduced its cash conversion cycle (*i.e.* a metric for the amount of time (measured in days) for converting investments in inventory to cash) from 87 days in 2016 to 59 days in 2017 and to 60 days in 2018. Thus, Abacus Medicine demonstrated best usage of capital and low risk on stock with fast process times in production and logistics of approximately three to six weeks from supply of pharmaceutical products to its distribution which is also supported by the Group's proprietary IT-system Motrix.

12.5.3 Sales and customers

Abacus Medicine sells directly to wholesalers, hospitals and pharmacies in 12 European countries. In the fiscal year ended December 31, 2018 approximately 90.5% of revenue in Germany, the Company's main market, was attributable to sales to wholesalers while approximately 9.5% of revenue were attributable to 24h deliveries to pharmacies with closer proximity (2017: 90.7% were attributable to wholesalers and 9.3% to pharmacies). The Company believes that the recent growth trend in 24h deliveries provides an attractive additional sales channel for an agile Parallel Trading company like Abacus Medicine. Due to the large number of pharmaceutical wholesalers with whom it has established long-standing business relationships, Abacus Medicine believes not to be critically dependent on any customer. In the three-month period ended March 31, 2019, only two (2) customers (legal entities) accounted for more than 10% of the total revenue with 24.1% and 10.9%, respectively (fiscal year 2018: two customers, with 21.5% and 14.7%, respectively; 2017: three customers, with 27.1%, 16.3% and 10.2%, respectively; 2016: three customers, with 32.9%, 21.3% and 10.5%, respectively).

In the pharmaceutical sector, different to many other industries, almost all participants of the distribution chain can return the products to the seller at any time and especially in case of expiry or prior or during a certain time period prior to such date. In Germany, for example, pharmaceutical products are usually returned to the manufacturer about six months prior to their expiration date. As Abacus Medicine is classified as "manufacturer" as a result of the repackaging process, customers may return pharmaceutical products to the Group which, in turn, would not be able to pass them on to its original supplier (see "*1.2.11. The Group may be unable to efficiently manage its inventory levels which may lead to substantial write-offs.")*. In the experience of the Company, the level of returns is very limited as Parallel Traded products are often in shortage and sold fast, and monthly provisions for expected returns are made from an annual estimation which has proved to be highly precise in recent years. Abacus Medicine is one of the few Parallel Trading companies which actively sell in more than six countries. Due to its multi-market strategy Abacus Medicine is able to pursue business opportunities regarding such pharmaceutical products in other countries by re-assigning the relevant products and selling them (following repackaging or relabelling) in other countries within a short time frame and within the original expiration date.

12.5.4 New business operations conducted by Aposave

While the core business activities of Abacus Medicine are currently focused on Parallel Trading, the Group has begun to diversify its business model and started to penetrate new complementary business areas in addition to expanding into new markets and countries under the corporate entities of Aposave. This includes in particular providing worldwide access to medicines through its Unlicensed Medicine business activities (including Managed Access Programs) (carried out since third quarter of 2016) and the supply of comparator pharmaceutical products for Clinical Trials Services.

The development of Aposave as the go-to-market brand for these services is still in the early stages of planning and implementation. In November 2018, a managing director with industry experience was recruited to lead the Aposave business through the next phase of expansion. In early 2019, the team has been further expanded by the recruitment of more senior industry experienced team members that add knowledge, experience and a strong network of relevant contacts across these services areas. Although revenue has been generated with these activities at a CAGR of 164.2% (2016 – 2018), 2019 is still very much a year of investment and structuring the business to provide a stable and scalable platform for growth in the medium term.

12.5.4.1 Trade with Unlicensed Medicine

Most countries around the world have regulations in place to allow for the importation of unlicensed medicine to enable patients with an unmet medical need to gain access to a treatment that their physician believes will be of benefit. The activities related to Unlicensed Medicine can be split into two parts: Managed Access Programs and Unlicensed Medicines.

MAP are controlled programs that allow a group of patients to gain access to medicine that is still in clinical development and has not yet been registered. Pharmaceutical and biotech companies typically outsource these programs to a specialist provider on a fee for service basis.

Later in the pharmaceutical product lifecycle, once a product has been registered in at least one country, ULM can be provided to patients who require access to a medicine that is not registered in the patient's country. If a physician believes that their patient would benefit from a medicine which is not available in their country, they would typically ask their pharmacist to find a source for the medicine. The pharmacist would then contact a specialist provider such as Aposave to find an available source of the medicine from a country where it is

registered and import it into the country where the patient resides. Unlike MAP, the commercial model for ULM is a buy/sell model. The regulations for the importation of ULM are broadly the same as for MAP.

Another application of the regulations surrounding ULM can help provide a solution for drug shortages. If a market runs out of supply of a licensed medicine, a medicine can be imported from a country where there is availability or surplus supply of product and thus alleviate the drug shortage. Technically, the drug that is imported is not the licensed pack for the country that is in shortage and therefore falls under the regulations for ULM. Many regulatory agencies, also in EU countries, publish lists of drug shortages and providing a solution to this can provide additional revenue generating opportunities for Aposave.

The estimated annual market for the global sales of Unlicensed Medicine is expected to amount to between $5–$10 bn and is expected to grow at a CAGR of approximately 12% between 2017–2023 also due to the fact that approximately 80% of the global population needs a pharmaceutical product which is unavailable at the patient's point-of-care (*source: Clinigen Annual Report 2017 and 2018; Clinigen, Half-Year Presentation 2019*).

In the three-month period ended March 31, 2019, Aposave's revenue for its Unlicensed Medicine activities amounted to €1.0 million (fiscal year ended December 31, 2018: €1.8 million, 2017: €0.7 million).

12.5.4.2 Supply of comparator drugs for clinical trials (Clinical Trials Services)

Aposave also focuses on the supply of comparator drugs for clinical studies. Drug developers need to conduct several stages of clinical trials studies before they can bring a drug to market under a marketing authorisation. Increasingly for so-called Phase 3 clinical trials (*i.e.*, the phase prior to the phased launch of a pharmaceutical product being commercially sold) a comparator study is required, which focuses on efficacy relative to a drug that is already on the market. The Tufts Centre for Drug Research projects that by 2020 approximately 70% of Phase 3 trials will require a comparator which is mainly due to intense market competition for new therapies, cost pressure, *e.g.* from insurances and regulators to deliver drugs that are proven to be substantially better than existing treatments, increasing complexity of protocols for sophisticated therapies and the rise of co-therapies for diseases that have not responded well to single therapies. Further, the number of clinical trials increases in emerging markets with a prevalence of trials conducted in emerging markets growing so quickly that by 2020 the volume of clinical trials will be nearly equal to that of the US and Europe combined. Recent studies indicate that performing clinical trials in emerging countries can significantly reduce drug development costs, while providing access to large patient populations and making it easier to lower prices while maintaining gains (*source: Pharmaphorum 2018*).

The total addressable market for clinical trials services is valued at $4 bn to $5 bn while the number of clinical trials increased worldwide with a CAGR of 14% for the periods 2011 to 2018 (*source: ClinicalTrials.gov*; *Clinigen, Half-Year Presentation 2019*). Similarly, the use of comparator drugs in phase-3 studies in clinical trials increased from 43% in 2010 to 55% in 2015 and is expected to further increase to 70% in 2020 (s*ource: ClinicalTrials.gov*).

In addition to the potential for synergies related to its Unlicensed Medicine business, the Group believes that its Clinical Trials Service business would also complement and create synergies with the Parallel Trading business services, such as direct-to-site logistics and just-in-time labelling.

In the three-month period ended March 31, 2019, revenue for the Clinical Trial Services amounted to €0.8 million (fiscal year ended December 31, 2018: €1.9 million; 2017: €0.1 million).

12.5.4.3 Aposave's approach to the market

Aposave's business strategy was recently refined and focus is being put on the three different service areas Unlicensed Medicines, Managed Access Programs and Clinical Trials Services.

In the Managed Access Program and Clinical Trial Services business, clients are typically pharmaceutical and biotech companies while in the Unlicensed Medicines business the customers are typically hospitals predominantly running tenders at a national or regional level or retail pharmacies and other suppliers of Unlicensed Medicines services. Therefore, a different approach is required for each of these business service areas.

A targeted approach is being taken regarding MAP. Utilising analysis of clinical development pipelines the most likely product candidates that may require an MAP have been identified. The new business development team is focused on building relationships and selling MAP services to the companies developing these products. Strategically, MAP is a key factor to engaging with pharmaceutical companies early in the product lifecycle with such early engagement being likely to open additional selling opportunities throughout the lifecycle of the pharmaceutical product. The same team is also responsible for selling Clinical Trials Services.

In the fiscal year ended December 31, 2018, Clinical Trials Services were provided mainly to other suppliers of clinical trial medicines. With the introduction of Aposave's sales team in 2019, Aposave is planning to approach clients directly rather than supplying other suppliers. The Company believes that Aposave's highly experienced team will generate synergies in the present procurement process at Abacus Medicine to source a wide range of products at competitive prices removing the need to work extensively with other Clinical Trials services companies. In addition, by utilising the existing expertise at Abacus Medicine, Aposave will also be able to provide services around the packaging and labelling of clinical trial products.

Geographically, the pharmaceutical landscape of new medicine sales is dominated by the US (64.1%), the top five European countries (namely Germany, France, Italy, Spain and the United Kingdom) (18.1%) and Japan (7.1%) (*source: EFPIA, 2017*). This is partly explained by the value of sales being driven by high prices in those markets but also by the fact that many pharmaceutical companies do not launch their products globally. Even within Europe the proportion of new medicines that receive an EMA licence and are subsequently delayed in entering the market or never become commercially available is significant. For patients their only option to access these medicines is as an unlicensed medicine.

For ULM Aposave's approach to the market is based on a combination of geography and product. Where there is a common requirement to access a product that is not commercially available across multiple markets Aposave will add that product to its portfolio of ULM. Over time this portfolio will grow and be sold across multiple geographies based on patient need.

12.6 Investments

Abacus Medicine primarily investes in licences in order to gain access to distributing new products in new markets and also further IP rights.

For a detailed analysis of investments for the last three fiscal years and the three-month period ended March 31, 2019 as well as with respect to ongoing investments and future investments see "*9.7.7. Investments*".

12.7 Information technology

Abacus Medicine uses its proprietary software system Motrix which is based on tailor-made tools and services. The core purpose of Motrix is to provide transparency in order to enable optimal decisions on when to enter and exit a specific market and which trades to conduct. Via Motrix, Abacus Medicine aims to discover profitable opportunities early and monitor key risks such as patent expiries and price drops on the market. Motrix also serves as an in-house run day-to-day market place where sourcing opportunities (supply) and demand (sales) can be matched helping to factoring market constraints. Motrix is also used to manage inventory levels based on predicted demands by customers and supports planning for efficient transportation and production (*i.e.*, repackaging/relabelling). It further acts as data warehouse for advanced analytics and reporting.

Motrix includes various sources like data pipelines to public registers of new pharmaceutical products, national and international price and sales databases for monitoring various stock and sales statistics as well as a number of tools for registering product and supplier master data, patent rights and expiry dates, customer demand, quality incidents and inconsistencies, product samples as well as any constraints with regard to regulatory, patent or trademark aspects.

As of March 31, 2019, Abacus Medicine employs eight full-time programmers for the advancement of custom- and tailor-made solutions in areas that are critical for the competitive position of the Group while the Company relies on standard and off-the-shelf cloud-based software systems to support more standardised processes such as invoicing and human resources. The Group has implemented phase one of the enterprise resource planning system Dynamics 365, which shall become a shared platform for all units and replace the existing system. The Group also uses further standardised IT infrastructure.

In order to ensure data safety and protection, Abacus Medicine has implemented a data protection policy in line with Regulation (EU) 2016/679 (General Data Protection Regulation) and an IT security policy together with a number of protective measures, including access control, log monitors, auditing tools, network monitoring and security cameras at all major offices. To avoid data loss in case of outages, the Group also uses duplicate systems at different locations, firewalls, antivirus software, patches, data encryption and routine backups with offsite retention of storage media as well as disaster recovery proceedings.

12.8 Research and development

Abacus Medicine is not conducting any research and development activities.

12.9 Intellectual property

12.9.1 Patents; IP rights in content

With regard to its operations, the Group relies on and owns intellectual property in its IT systems and technology (*see* "*12.7. Information technology*.").

The Group also relies on unpatented proprietary expertise, technological process innovations and other business and trade secrets and know how to develop and maintain its competitive position.

Other than that, in its current business operations Abacus Medicine is not dependent on any patents or licences or new manufacturing processes.

12.9.2 Trademarks

The Group has registered trademarks for Aposave which is a registered EU and US trademark and which the Company believes to be material for its future business activities.

12.9.3 Domains

The Group is owner of various international domains with respect to Abacus Medicine and Aposave, including "Abacusmedicine.com" and "Aposave.com".

12.10 Facilities

The Group uses offices, manufacturing facilities and logistic facilities in all geographic areas where it operates, which are leased.

The following table provides an overview of the most important facilities leased by the Group as of the date of this Prospectus:

Site	Primary Use	Approx. Size (Sqm)
Copenhagen (Denmark)	Office	1,800
Budapest (Hungary)	Production and Warehouse	9,000
Alkmaar (the Netherlands)	Production and Warehouse	1,470

The corporate headquarters of the Group are located in Copenhagen, Denmark. The Company is not aware of any soil pollution on the facilities used by Abacus Medicine or of other environmental issues which could potentially affect the Group's utilisation of such facilities.

12.11 Insurance coverage

The Group is covered by a public- and product liability and lawyer's liability insurance. Furthermore, the Group has taken out an all risk property insurance including, in certain countries such as Denmark, Hungary, the Netherlands, Austria, France, Hong Kong, Finland, Germany, Ireland, and Belgium, coverage for additional costs, subject to usual exclusions, limits and deductibles. Compulsory policies have been taken out where required by local laws. In addition, Aposave Ltd. is covered by a life science and technology liability insurance. Under these policies, and related underlying policies in several countries, insured losses include general- and product liability, loss prevention, sudden pollution and for its operations in the United Kingdom also Life science, product and service liability including employers liability arising from its business activities as described and insured in the mentioned policies, such as Parallel Import of medicines in the EU and Norway as part of the EEA. Purchase, repackaging, application of own labels and sales of original medicine, generic medicine are also covered. Abacus Medicine has no own production of pharmaceutical products. In addition, the Group has worldwide coverage policies for D&O (directors & officers) liability and employment practices liability which are applicable for Abacus Medicine and all its subsidiaries, as well as cargo insurance.

The Issuer believes that it has adequate insurance coverage against all material risks that are typically insured by similar companies with comparable risk exposure. Insurance coverage is being regularly verified and adjusted, when necessary.

12.12 Employees

According to the Group's audited consolidated financial statements as of and for the fiscal years ended December 31, 2016, 2017 and 2018, Abacus Medicine's number of employees was presented on an average-based number of full time employees in total for each fiscal year. Going forward, the Group will present a categorisation of full time employees by function and as per the relevant reporting date. For the three-month period ended March 31, 2019, the Group's average number of full-time employees was 567 (three-month period 2018: 391), while according to the Group's audited consolidated financial statements as of and for the fiscal year ended December 31, 2018, the Group's average number of full-time employees amounted to 449 (2017: 349; 2016: 206).

For the purpose of this Prospectus, the following table sets forth the number of full-time employees as per the respective reporting dates indicated as if these categories would have applied for the reporting dates indicated.

There has been no material change in the number of the Group's employees between March 31, 2019 and the date of this Prospectus.

Number of full-time employees by business function	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(unaudited and unreviewed)		(unaudited and unreviewed)		
Business Development/Sales	68	46	60	42	18
Business Analytics	3	1	3	2	1
Business Intelligence	7	5	6	4	4
Quality Assurance	87	58	80	49	27
Production	184	120	155	97	59
Warehouse	68	50	64	44	15
Regulatory	67	51	60	40	26
Others	93	75	83	63	39
Total	**577**	**406**	**511**	**341**	**189**

The following table sets forth the numbers of full-time employees broken down by country as per the reporting dates indicated:

Full-time employees by country	As of March 31		As of December 31		
	2019	2018	2018	2017	2016
	(unaudited and unreviewed)		(unaudited and unreviewed)		
Hungary	395	291	348	244	136
Denmark	126	99	121	86	49
Other countries	56	16	42	11	4
Total	**577**	**406**	**511**	**341**	**189**

Abacus Medicine also employs part-time employees, which are mostly students. As per March 31, 2019, Abacus Medicine employs 56 part-time employees (March 31, 2018: 49). As per December 31, 2018, Abacus Medicine employed 56 part-time employees (2017: 38; 2016: 12).

Additionally, Abacus Medicine Hungary Kft. utilizes temporary employees hired through third party service agencies on a day-to-day basis mainly for production and warehouse business functions. In the three-month period ended March 31, 2019, Abacus Medicine Hungary Kft. utilized an average of 54 temporary employees (2018: 52; 2017: 105; 2016: 97). It is expected that the number of temporary employees will decrease in the future.

12.13 Legal proceedings

Like other companies active in Parallel Trading, Abacus Medicine is regularly facing lawsuits from original marketing authorisation holders or manufacturers who disagree about the repackaging of a specific pharmaceutical product. Since the FMD came into force in February 2019, the number of disputes has recently increased in a few countries, such as Germany, due to uncertainties in the interpretation of certain aspects of the FMD related to the packaging of pharmaceutical products by certain national authorities. So far, Abacus Medicine has rarely had any significant legal proceedings and has always been able to settle all disputes without major problems or costs.

As of the date of this Prospectus the Issuer and the Group are not involved, and have not been involved during the past twelve months, in any governmental, legal or arbitration proceedings (including any such proceedings, which are pending or threatened of which the Issuer is aware), which may have significant effects on the Issuer and/or the Group's financial position or profitability.

13. MARKETS AND COMPETITION

The following section contains forecasts, statistics, data and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's core business and its markets. The Group operates in industries and market segments for which it is difficult to obtain precise industry and market information. Unless otherwise indicated, such information is based on the Group's own analyses of multiple sources, including information obtained from customers, industry publications or reports.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. Neither Abacus Medicine nor the Underwriter have independently verified the accuracy of market data that were extracted or derived from these industry publications or reports. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions.

The information provided below on the market environment, market developments and growth rate is based (to the extent not otherwise indicated) on Abacus Medicine's assessments. These assessments, in turn, are based in part on internal observations of the market and on various market studies, third party data, statistical information and reports.

13.1 Market

Unless otherwise indicated, the information contained in this Prospectus and in particular in this section is based on the Group's analysis of multiple sources, including a management report commissioned from QVARTZ P/S, Ryesgade 3A, DK-2200 Copenhagen N, Denmark, ("**QVARTZ**") which is based *inter alia* on data, and information otherwise obtained from IQVIA (formerly known as Quintiles IMS Holdings, Inc., "**IQVIA**"). Such information has been accurately reproduced and as far as the Group is aware and able to ascertain, no facts have been omitted which would render the reproduced information provided inaccurate or misleading. QVARTZ is a management consulting firm providing consultancy services within, *inter alia*, strategy, marketing, organization, operations, technology and mergers & acquisitions. QVARTZ does not have any material interests in Abacus Medicine.

Abacus Medicine understands from QVARTZ that the management report includes or is otherwise based on information obtained from: public data, desk research, industry insights and access to company material and information from management (i) data providers, including IQVIA; (ii) industry associations; (iii) publicly available information and market reports from other sources, such as information publicly released by the Group's competitors; and (iv) interviews and field visits conducted with industry experts and internal financial and operational information supplied by, or on behalf of the Group.

Abacus Medicine generally uses market data which has been determined by IQVIA. However, Abacus Medicine is of the opinion that with respect to the Netherlands and the United Kingdom, IQVIA does not determine market data with a sufficient level of granularity. While IQVIA does provide total pharma market data with respect to the Netherlands, the data provided does not explicitly distinguish between Parallel import and non-Parallel import business. Therefore, Abacus Medicine used data which has been gathered and calculated from officially available sources. Abacus Medicine is of the opinion that the data gathered from IQVIA and from national sources will in principle result in almost comparable figures. These differences in data collection may result in deviations as the data provided by IQVIA reflects the uptrend of the Parallel Trading market in the Netherlands more strongly. As IQVIA does not provide for any data for Parallel Trading for the United Kingdom, and neither for unlicensed medicine and for clinical trial service markets, Abacus Medicine used market data gathered from internal qualitative interviews and external qualitative interviews conducted among market participants and from data providers as well as annual reports of competitors in the industry for understanding the size, mechanisms, and opportunities in these business areas. These different methodologies in data collection may also result in deviations.

While Abacus Medicine can confirm that information from external sources has been accurately reproduced, the Group has not independently verified and cannot give any assurances as to the accuracy of market data as presented in this Prospectus that was extracted or derived from these external sources. As far as the Company is aware and able to ascertain from this information, no facts have been omitted which would render the information provided inaccurate or misleading.

Unless otherwise indicated in this Prospectus and in particular in this section, any references to or statements regarding the Abacus Medicine's competitive position have been based on the Company's own assessment and knowledge of the market, regions and countries in which it operates. Additionally, unless otherwise indicated in

this Prospectus, any references to or statements regarding customer perception of the Company have been based on the Company's own assessment and knowledge, including customer surveys.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Abacus Medicine's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described under *"1. Risk Factors"* and elsewhere in this Prospectus.

13.1.1 The pharmaceutical market

The Worldwide Pharmaceutical market is expected to grow at a CAGR of approximately 6% from 2018 and the next 5-6 years (*source: IQVIA 2019; Evaluate Pharma 2018*) while Abacus Medicine is – as far as its core Parallel Trading business is concerned – focused on the European pharmaceutical market.

13.1.1.1 European pharmaceutical market

While the EU pharmaceutical market is expected to grow with a CAGR of 3.3% by 2022, the higher-priced pharmaceutical products are expected to experience further growth at a CAGR (2017–2022) of approximately 9.0% for the medium-to-high-price segment (€500–€3,000 per package), a CAGR of 17.0% for the high-priced pharmaceutical products (above €3,000) segment, while the medium-price segment (€50–500 per package) is expected to increase at a CAGR of 5.3% and the low-priced pharmaceutical products segment (below €50) is expected to decrease at a CAGR of -2.7% (*source: QVARTZ; Evaluate Pharma; EFPIA September 2016)*. Thus, growth is expected to be mainly driven by the higher-priced and medium-to-high-priced segments. Within the EEA, the growth is due to complex diseases *inter alia* cancer (expected to grow at a CAGR of 8.0% between 2015–2022), as well as therapy areas including multiple sclerosis, chronic heart failure, rheumatoid arthritis and Alzheimer's (*source: Evaluate Pharma, July 2016*); both of them being Abacus Medicine's top ten products in both 2017 and 2018.

The European pharmaceutical market is highly fragmented as each of the EU Member States sets its own regime for managing the national healthcare sector, including pricing for pharmaceutical products. Thus, national governments play an essential role in regulating national pharmaceutical markets. Pricing on pharmaceutical products, may be influenced by various factors, *inter alia*, different national income per capita, different type of pricing mechanism used by the governments (external reference pricing, value-based pricing, free pricing model), high differences between the types of reimbursement systems, different mark-up (*i.e.,* reimbursement) systems for wholesalers and retails in each country, different tendering regulations, different level of VAT for medicines, which may vary from 0% in the United Kingdom and Sweden, to 25.0% in Denmark (*source: European Parliament, 2011*).

13.1.1.2 Danish pharmaceutical market

Abacus Medicine is headquartered in Denmark. Denmark is a country with a highly developed healthcare system with a population of 5.6 million inhabitants, increasing life expectancy at an average of 80.8 years of age and a gross domestic product per capita of €36,600, which is 21% above the EU average (*source: OECD Denmark 2017*), According to OECD, Denmark spends 10.3% of its gross domestic product on healthcare, meaning €3,778 per capita in comparison with the EU average of €2,797. All Danish residents or people living in Denmark with personal registration number are entitled to publicly funded health care, which is mainly free of charge, except dental care. The Danish health system is characterised by a high public financing with up to 84% of the expenditure attributable to healthcare, which is almost the highest value among EU countries. While 14% of these expenditures are out-of-pocket spending, 2% is covered by voluntary insurance (*source: OECD Denmark 2017*). The total pharmaceutical market in Denmark, comprising hospitals, and pharmacies, in 2016 was €2.4 billion with a pharmaceutical spending of 6.8% of total healthcare spending (*source: Danish Medicine Agency*).

Denmark has adopted a value-based pricing model, whereas the price is being determined by a governmental authority linked to value achieved, rather than volume. Agreements dictate price (and/or coverage) relative to actual (*i.e.*, observed) performance. The value-based pricing model for pharmaceutical products contains elements of internal reference pricing. Consequently, there is not fix mark-up for wholesalers, as this is being negotiated with the original producer, while gross profit margins for pharmacies are negotiated between the Ministry of Health and the umbrella association of pharmacists following a two-year period and used as the basis to determine profit per prescription (*source: Apotekerloven 2017*). The Danish retail pharmaceutical market is

highly transparent and can be characterised as highly competitive as a 14-day tendering system results in offering to patients pharmaceutical products at the lowest price. In this manner, companies selling to retail pharmacies have to submit their prices every two weeks and the reimbursement prices are set based on the lowest option available (*source: Danish Medicine Agency*).

13.1.1.3 German pharmaceutical market

Abacus Medicine's core market for its Parallel Trading business is Germany. According to the OECD, 11.2% of the gross domestic product is attributable to healthcare spending, which is significantly higher than the EU average of 9.9%. In 2015, Germany spent approximately €4,000 per capital on healthcare which is the second highest number in the EU (*source: OECD Germany 2017*).

The German healthcare system is founded by a statutory contribution system (*Gesetzliches Krankenkassensystem*), which is the oldest social health insurance system in the world. While 84.5% of health spending is publicly funded, out-of-pocket spending is accounted for approximately 12.5%, which is below the EU average of 15% *(source: OECD Germany 2017)*.

Germany has a healthcare system supported by approximately 22,000 pharmacies and 2,000 hospitals. The purchase set-up for these institutions are characterised by rebates (*Rabatte*) for the pharmacies, while hospitals have implemented a tender- based system (*source: B.A.H 2016*).

Germany has adopted a value-based pricing model as manufacturers are free to set the price initially, but must submit a cost-benefit analysis indicating the value of their products according to the provisions of the *"Arzneimittelmarktneuordnungsgesetz"* (*AMNOG*), which came into force on January 1, 2011. Pursuant to this law, a government body sets the reimbursement price which replaces the original price after 1 year (or after €250 million revenue on the product, whichever comes first). Furthermore, there is a mandatory 7% price discount based on the price on enactment of the law, which applies to both manufacturer and Parallel Trader's prices (markdown), and it can vary depending on when the price was negotiated with the government (*source: B.A.H 2016*). At the wholesale level, there is a mark-up of 3.15% (max. €37.80) plus €0.70 per package, while the mark-up for the pharmacies amounts to 3% plus €8.35 per package plus €0.16 (emergency services mark-up).

13.1.1.4 Swedish pharmaceutical market

Sweden is, with a population of 9.8 million and a gross domestic product per capita levelled with Denmark and 19% higher than the EU average, among the countries with the highest life expectancy in the EU (82.2 years of age) and the third highest spending on healthcare in the EU (*source: OECD Sweden 2017*).

Health services are covered for all legal residents, while emergency services are offered to patients from countries which have bilateral agreements with Sweden. While approximately 84% of the spending on these services is covered by a regional health service approximately 15% is being attributable to out-of-the-pocket spending. In Sweden, the National Health Service is being decentralised in 21 regions, each one of the regions is responsible for financing, purchasing, and providing individual health service (*source: OECD Sweden 2017*).

Sweden has adopted a value-based pricing mechanism, which implies that prices are determined by a government authority, and the price mirrors the fulfilment of three criteria: the human value, the need, and solidarity of the medicine, the cost-effectiveness principle in comparison with similar drugs already present on the market. This procedure implies that there is no statutory wholesale margin; the latter need to be negotiated directly with the manufactures. Furthermore, the pharmacies trading margin is regulated by the Dental and Pharmaceutical Benefit Agency ("**TLV**") in a reimbursement system with a mark-up between 2% to 20% depending on the pharmacies purchase price (free pricing for products outside the reimbursement system). In addition to the value-based system, manufacturers need to respect the 15-year rule which stipulates that the price of a medicine over the age of 15 must be reduced by 7.5% (*source: TLV*).

13.1.1.5 Dutch pharmaceutical market

The health system in the Netherlands is characterised by a high level of spending for healthcare with spending amounting to €3,954 per head, reaching a 10.7% of gross domestic product in 2016. This is due to both long-term care expenditure, and the fact that the Dutch government abolished the private insurance scheme in 2006 Gross domestic product per capita is at €37,000, and the total healthcare expenditure approximates €70 billion whereas 7.9% are attributable to pharmaceutical products (*source: OECD Netherlands 2017*). Over 80% of health spending in the Netherlands is publicly funded while purchasing a health insurance is mandatory. Reimbursement for medicines is based on reference pricing and insurers may have a list of so-called "preferred medicine scheme", where insurance funds have agreements with manufacturers for special drugs. However, for residential long-term care income-dependent, cost-sharing is applicable, ranging from €0 to €2,312 per month.

Out-of-pocket payments have been rising from €150 in 2008 to €385 in 2016 and 2017, while special conditions are being offered to maternity care, nursing, and care for children under the age of 18 (*source: OECD Netherlands 2017*).

With approximately 90 hospitals, medicines are purchased via direct agreements with the manufactures or wholesalers; the same practice applies to the 1,500 Dutch pharmacies which procure their medicines via wholesalers or tenders with insurance companies.

The Netherlands practice an external reference pricing mechanism, choosing an average of pharmacy retail prices of four countries. Based on this mechanism, the government revises drug price twice a year and sets a maximum price cap. Moreover, internal reference price variables are taken into consideration in the definition of the final price for some product groups clustered on the similar active ingredient (*source: OECD 2016*). Furthermore, there is a lump sum on top of the price, together with clawback of 6.82% to the government, while pharmacies get wholesaler discounts.

13.1.2 The market for Parallel Trading

Abacus Medicine is engaged in both Parallel Import and Parallel Distribution of original pharmaceutical products and directly sells pharmaceutical products in 12 European countries covering approximately 90% of the EEA Parallel Trading industry (excluding Luxembourg) (*source: QVARTZ; EFPIA; IQVIA MIDAS Quantum December 2017*). The Group conducts commercial activities in Denmark (since 2006), Sweden (since 2009), Germany (since 2012), the Netherlands (since 2014) and other eight countries while having under business scrutiny several other EEA markets.

13.1.2.1 European market for Parallel Trading

The free movement of goods established in 1957 by the Rome Treaty is central to the EU. Parallel Trading within EU countries owes its existence to this principle, enforced in 1986 by the Single European Act definition of a free internal market.

One of the main drivers of the Parallel Trading business model within EU/EEA Member States is the overall increase of healthcare spending driven by structural trends promoting high-price pharmaceutical products (see "*9.2.1. Structural trends in pharmaceutical markets.*"). For example, healthcare expenditure per capita increased from 2015 to 2017 by 8.1% in Germany, by 5.4% in Denmark, by 4.5% in Sweden, healthcare expenditure in the Netherlands and Austria increased by 4.6% and 3.6%, respectively while healthcare expenditure in other countries such as United Kingdom, France, Belgium and Norway increased by 3.5% (*source: OECD 2017*). Parallel Trading has effected and supported the decrease of expenditure on pharmaceuticals that governments have experienced along the years, directly and indirectly from Parallel Trading. A total of €0.5bn has been registered as healthcare cost savings, out of which €16.7 million direct savings registered by the Swedish government in 2009, €294.1 million in Germany in 2012, €12.8 million in the Netherlands in 2011, €53 million in Denmark in 2011, and €85.0 million in the United Kingdom in 2011 (*source: EAEPC 2013*).

Growth for the Parallel Trading business within the pharmaceutical products industry is expected to slightly increase at a CAGR of 2.5% for 2017–2022 (source: *QVARTZ; IQVIA MIDAS Quantum December 2017*). Although approximately 2–3% of the overall pharmaceutical trade is conducted by the Parallel Trading industry, Parallel Trading is widespread in the European pharmaceutical market and was estimated to amount to approximately €5.4 billion (value at ex-factory prices) in 2015 (*source: EFPIA*) with Germany as the main market in terms of market share of approximately 60%, followed by Sweden and Denmark each accounting for 8.7% and the Netherlands with 8% (*source: IQVIA MIDAS Quantum December 2018*). The total market volume of parallel imports has remained fairly stable at €5 billion over the last 10 years with the parallel distribution market being stable and shortages having emerged over the last few years. The number of parallel distributed medicines packages in Europe is estimated around 120–140 million packs p.a. (*source: EAEPC 2016*).

The EU member states with the greatest domestic share of parallel importing national pharmaceutical products sales are Denmark with approximately 24%, Sweden with 21%, the Netherlands 15%, Germany 10% while Austria has no significant market share of Parallel Trading (*source: EFPIA 2015 and Company's own calculations based on IMS Health, December 2016*).

According to Abacus Medicine's own calculations based on IQVIA, the Parallel Trading industry is very fragmented, with approximately 258 companies registered to have Parallel Trading activities, of which 117 companies have registered revenue over €1 million per year while the top 20 companies represent 75% of the market share based on revenue in 2018. The Parallel Trade industry is forecasted to grow at a CAGR of 2.5% until 2022, driven by several trends, such as an increase in Parallel Trading activities in markets such as Italy,

Poland, France, Lithuania, Belgium and, Spain as these countries account for €0.41 billion, corresponding to 8.4% of the total EU Parallel Trading market (*source: IQVIA MIDAS Quantum December 2018)*. Furthermore, growth is also expected to be driven by the overall pharmaceutical market, a larger share of high-priced medicines, and market consolidation opportunities.

13.1.2.2 Danish market for Parallel Trading

Denmark represents approximately 8.7% of the total European Parallel Trading market with revenue of €429 million. The Danish Parallel Trading market is a well-established market, with the first Parallel Traded product registered in 1990 (*source: Enemark, Møller Pedersen, & Sørensen, 2006*). The Danish market has grown with a CAGR of 4% between 2012 and 2017 (*source: Danish Medicine Agency*), due to the existing law that retail pharmacies are obliged to offer the cheapest option available to the patients. The Danish government has centralised the procurement of pharmaceutical products for the retail pharmacy sector into a biweekly tender system and it is constantly revising prices to stimulate competition. Due to the national reimbursement rules, the Parallel Trading company with the lowest price wins the tender and the monopoly over satisfying the entire demand for the tendered products for a period of 14 days.

On average, Parallel Traded pharmaceutical products have represented 12% of the total number of prescriptions in Denmark, and 2% in hospitals along the years (*source: Danish Medicine Agency*). With 24.9% for retail pharmacies, Denmark accounted for the largest market share of Parallel Traded pharmaceutical products across the EU. During the period 2013–2017, the market for Parallel Trading slightly increased from 24% in 2013 to 26% at the end of 2017, corresponding to 3% CAGR from 2013–2017 (*QVARTZ; EFPIA*).

Danish Parallel Trading has reached a consolidation stage in 2015 when four Parallel Trading companies represented more than 95% of the total Parallel Trading sales. In 2012, IMS Health has recorded Parallel Trading sales conducted by 18 different companies (*source: Company's own calculations based on IMS Health, 2012–2017*). As per December 31, 2018, the market share split on the Danish market was displaying Orifarm as the market leader, with 41.3%, followed by Paranova with 19.5%, 2care4 with 14.8%, and Abacus Medicine with 10.6%. Due to severe legislative problems encountered in their licensing processes, EuroPharma has declared bankruptcy as per February 1, 2018 (*source: Finans, 2018*). Hence, the market is less competitive than it has been historically, implying further consolidation possibilities and less price pressure than before. However, one of the important Parallel Traders from Germany, Haemato, has entered the market in 2016 gaining 0.16% market share at the end of the fiscal year 2018 (*source: Company's own calculations based on IQVIA MIDAS Quantum December 2018*).

13.1.2.3 The Swedish market for Parallel Trading

Sweden represents approximately 8.7% of the total Parallel Trading market within Europe, with revenue of more than approximately €428 million (*source: Company's own calculation based on IQVIA MIDAS Quantum December 2018*). Sweden has joint the EU in 1995 and has encouraged and supported the Parallel Trading industry since 1996.

In 2014, Sweden's market share in the European Parallel Trading market has reached 12%. However, this trend has been stopped by a new reference pricing system for mature products in 2014, followed by an additional 7.5% cut in 2015. The increase and decrease of Parallel Trading value within Sweden is directly correlated with the fluctuation of the Swedish currency in relation to the Euro, which determines hedging practices by Parallel Trading companies. Despite of the currency fluctuation risks, Sweden has more than 15 companies actively Parallel Trading medicines on the market, out of which five companies are Swedish, four are Danish and the rest of the competitors are small Finnish and Dutch players. The top five out of the Company's competitors represent 78.8% of total sales of Parallel Trading in Sweden (*source: Company's own calculations based IQVIA MIDAS Quantum December 2018*).

Sweden has a value-based price system, whereas the Swedish agency (TLV) decides about reimbursement and establishes prices for pharmaceutical products based on value-based pricing. Parallel Trading companies need to apply to TLV for pharmaceutical products to be included. Furthermore, the price for pharmaceutical products which have been on the market for more than 15 years will be reduced by 7.5% (*source: TLV; OECD Sweden 2017*).

13.1.2.4 German market for Parallel Trading

Germany represents the largest market for Parallel Trading within the EU, accounting for 60.0% (excluding value of market share in the United Kingdom) of the total industry sales with revenue of approximately €2.94

billion. Seven of the top ten Parallel Trading companies are headquartered in Germany (*source: Company's own calculations based on IQVIA MIDAS Quantum December 2018*).

One of the most important drivers of Abacus Medicine's business in Germany is the "fixed amount discount" (*Festbetrags- oder Herstellerrabatt*) – a mandatory discount issued by the government, which forces producers and Parallel Trading companies of pharmaceutical products to provide discounts to health insurance companies. A further price mechanism imposed by the German health ministry is the "*Preismoratorium*" which aims to lock the sale price of a pharmaceutical product for a certain amount of time and thus, prevents prices from increasing, since the manufacturer rebate will increase in accordance with an anticipated price increase, resulting in no actual change of the net price (*source: Bundesministerium für Gesundheit, 2016*). Further, import quota independent sales drivers are the so called "*Wirtschaftlichkeitsgebot*", which forces German pharmacies to buy one of the three cheapest available products listed on the market (if the German pharmacies do not stick to the "*Wirtschaftlichkeitsgebot*" they risk to get fined (*retaxiert*) by the National Association of Statutory Health Insurance Funds (*Spitzenverband der gesetzlichen Krankenkassen)*) and the increasing relationships with pharmacies as well as delivery and quality performance.

The current German legal framework provides an encouraging environment for Parallel Trading, since pharmacies are required to fulfil a 5% import quota with parallel imported medicines and hold a security reserve of 0.5%. If this quota is not being met, the pharmacy gets a "malus" or a "bonus" should it fulfil the quota. However, only parallel imported products, which are at least 15.0% or €15.00 cheaper than the product of the original manufacture are considered relevant for fulfilling the quota and will be taken into account by the health insurance companies (*source: Quintiles IMS 2017*). This mandatory import quota of 5% puts a natural lower limit to the Parallel Trading market. Today about 90% of all imported medicine in Germany is parallel imported pharmaceutical (*source: B.A.H 2016*). The reason why the amount of parallel imported products into Germany exceeds the 5% quota is – amongst other things – that many pharmacies receive additional financial benefits when buying parallel imported goods, which creates a natural demand for parallel importation exceeding the demand incentified with the 5% import quota.

Pursuant to a framework agreement according to § 129 of Volume V of the Social Code (*Fünftes Buch Solzialgesetzbuch* – "**SGB V**") (*Rahmenvertrag über die Arzneimittelversorgung nach § 129 Abs. 2 Sozialgesetzbuch V*) between the Association of German Health Insurance Companies (*Spitzenverband Bund der Krankenkassen*) and the Association of German Pharmacies (*Deutscher Apothekerverband e. V.*) pharmaceutical products must be sold for at least 15.0% or €15.00 less than the product price of the original manufacturer to fulfil the current 5% import quota and to be taken into account by health insurance companies. With effect as of July 1, 2019, this framework agreement will be amended and the aforementioned price quotas will be amended, thereby replacing the import quota of 5%. As a consequence, a parallel imported pharmaceutical product will have to be (i) 15% cheaper in the price range between €0–100.00, or (ii) €15.00 cheaper in the price range between €100.00–300.00 or (iii) 5% cheaper if the price is above €300.00 compared to prices of originally marketed pharmaceutical products. This provision is also reflected in a draft bill of the Federal Government for more safety in the supply of medicines (*Gesetz für mehr Sicherheit in der Arzneimittelversorgung* – "**GSAV**"). On November 23, 2018, the state of Brandenburg, however, presented a motion in the German Federal Council (*Bundesrat*) to abolish any of the abovementioned quotas for pharmaceuticals on arguing that "the international parallel trade in medicines poses a high risk to patient safety", and that "the import quota endangers patient safety and must therefore be abolished". The German Federal Council concurred with the motion by the state of Brandenburg and called on the German Federal Government (*Bundesregierung*) on December 14, 2018 to present a draft law in due course amending the quotas stipulated in in § 129 SGB V. The Federal Council also clarified that even with the potential abolishment of the import quota the business model of Parallel Trading will continue to exist (*source: Beschluss des Bundesrats (Drucksache 578/18) (Beschluss) vom 14. Dezember 2018, Entschließung des Bundesrats – Streichung der Importförderklausel für Arzneimittel im fünften Buch Sozialgesetzbuch*). Nevertheless, the German Federal Government has so far ignored such motion for the abolishment of the quotas and the recent draft bill of the GSAV does currently not contain any provision to abolish any of the aforementioned quotas. In February 2019, the state of Brandenburg submitted an amendment to the GSAV, which includes the removal of the aforementioned quotas. Most recently, on March 15, 2019, the German Federal Council (*Bundesrat*) provided a statement with respect to the current draft bill of the GSAV, again, demanding the abolishment of the quotas altogether. It is currently expected that the GSAV is to be adopted by the German Parliament (*Bundestag*) on June 6, 2019.

13.1.2.5 Parallel Trading market in the Netherlands

The Netherlands was the first country within the EU to have registered Parallel Trading activities in 1988. The Parallel Trading market in the Netherlands represents 7.90% out of total Parallel Trading within the EU with revenue of approximately €386 million. There are approximately eighteen competitors active on the market, out

of which only two companies are Danish and one British, while the remaining competitors are Dutch Parallel Trading companies (*source IQVIA MIDAS Quantum December 2018)*. Given the fact that there is generally little regulation for Parallel Trading, the Netherlands is one of the most accessible markets for this business, with national wholesalers being active in the industry as well. Three out of the four active wholesalers, own their own Parallel Trading department, meaning that Abacus Medicine's customers in the Netherlands are its competitors as well.

The price platform for a medicine is set twice a year by the government. This maximum price is based on the prices for similar products in Germany, Belgium, France, and the United Kingdom, while any distribution which aims to sell pharmaceutical products above the maximum price set by the government is considered illegal. Furthermore, pharmacies are price sensitive and accept discount programs from their suppliers. The market for Parallel Trading in the Netherlands has been influenced negatively especially in 2015 and 2016 by several patent expirations (*e.g.*, Lipitor). Since 2013, Parallel Trading sales constantly increased from 9.2% of EU sales, and with 8.0% in 2014 and 8.2% in 2015, 8.4% in 2016 and 8.9% in 2017, and 7.9% in 2018 (*source: Company's own calculations based on IMS Health, 2012–2017 and IQVIA MIDAS Quantum December 2018*).

13.1.3 The market for Unlicensed Medicine and Clinical Trials Services

The market of Unlicensed Medicine is estimated at a value of $5-10 bn, while Clinical Trials Services represent a market value of $4-5 bn (*source: Clinigen, Half-Year Presentation 2019*).

13.1.3.1 The market for Unlicensed Medicine

Today, the market size of Unlicensed Medicine is estimated to value $5.0–10 bn, while 64.7% of sales of new medicines launched in 2011–2016 were on the US market, compared with 17.5% in the European top 5 markets (*source: Clinigen Annual report 2017; FDA 2017; Clinigen, Half-Year Presentation 2019*). According to NHS, the United Kingdom is the biggest market for Unlicensed Medicine within Europe, with more than 50 competitors. The average cost of an Unlicensed Medicine is registered to be £104.47, and Unlicensed Medicine are used 25% in general hospitals, 11% for children in general practice and 40% for pediatric intensive care units, while 80% are used in neonatal intensive care units (*source: NHS 2018*). The United Kingdom has established a Cancer Drug Fund making £340 million available for funding the acquisition of Unlicensed Medicine in the United Kingdom (*source: NHS 2018*).

Furthermore, patient access to new medicines is highly varied across the world. Even in Europe this situation is present, with greatest rate of availability in Western European countries and lowest rate in Central and Eastern European Countries. The average delay between market authorisation and patient access can vary by a factor greater than 10x across Europe, with patients in Western Europe accessing new products 100–200 days after market authorisation and patients in central and Eastern Europe between 500–1,000 days (*source: EFPIA 2019*). This fact was the main driver for the marketing of the so-called managed accessed programs ("**MAP**"). MAP are controlled mechanisms that allow a group of patients to gain access to medicine that is still in clinical development and has not yet been registered. Pharmaceutical and Biotech companies typically outsource these programs to a specialist provider on a fee for service basis.

The industry is fragmented, having a handful of well-known international players, and a large number of small local players in each country all over the world. Furthermore, wholesalers are known to have their own practice of providing Unlicensed Medicine if required by hospital pharmacies.

Importantly, the industry is defined as being a "pull" effect type of industry. In the EU it is illegal to actively promote an unlicensed medicine to potential customers, namely patients or doctors but it is permitted to promote the service offering and let customers know about being a provider of access to unlicensed medicines (*source: The European Medicine Agency, 2018*).

Abacus Medicine's main competitors are: Clinigen Group (United Kingdom headquarter) with a turnover of $282.5 million (£215.6 million pound) in 2018 from their Unlicensed Medicine business section; Durbin Group (United Kingdom headquarter) with a revenue per end of fiscal year 2017 of $70 million (£57.3 million); SmartWay Unlicensed Medicines (United Kingdom) with $158 million; Martindale Pharma (United Kingdom) $132 million, Ilapo (Germany) $21 million, Specific Pharma (Denmark) with a revenue of $22.7 million per end of fiscal year 2017 (*source: Companies' annual reports*).

The Company's own calculations based on competitors' annual reports available show that the gross margins experienced in the industry are on average at a level of 40%.

13.1.3.2 The market for Clinical Trial Services

The total market size of Clinical Trial Service is estimated to be between $4–5bn by Clinigen Group, which is the market leader (*source: Clinigen, Half-Year Presentation 2019*).

Since 2011, the market for clinical trials for pharmaceutical products has seen continuous growth at a CAGR of 1.0%, and the global market is expected to grow at approximately 7.0% CAGR between 2017 and 2025 (*source: Grand View Research 2017)*. Correspondingly, the number of clinical trials worldwide has seen a continuous annual growth at a CAGR of 15.0% % between 2013 and 2018 (*source: ClinicalTrials.gov, accessed on April 2, 2019)*.

Original manufacturers need to conduct several stages of clinical trials studies before they can bring a certain drug on the market to obtain a marketing authorisation. Under these clinical trials studies, the drug is being tested against both placebo and a pharmaceutical with similar effects that already exists on the market. The latter is known in the industry as a comparator drug, crucial for clinical trial studies. Thus, the original manufactures need to be absolutely sure of the quality of the comparator pharmaceutical in terms of expiry dates, traceability, batch number, conditions under which it has been stored, etc. As clinical trials are run with more than ten thousands of patients and volunteers, in different parts of the world, along several years, the number of comparator pharmaceuticals needed for the clinical trial is significant.

On the other hand, conducting a clinical trial in order to create competition for a drug that already exists on the market has created a highly competitive environment between the manufacturers, thus a high level of secrecy and confidentiality is to be expected. Therefore, sourcing comparators drugs for clinical trials and offering clinical trial services is a highly complex process, which manufacturers are outsourcing to third parties.

Clinigen Group, considered a market leader in the industry with a turnover of $101.9 million (£77.7 million pound) in its clinical trial service business at the end of fiscal year 2018, has estimated that top 25 pharma companies spent approximately $75 million annually each on clinical trial services (*source: Clinigen, Annual Report 2017*).

Similar to the Unlicensed Medicine market, clinical trial service is a fragmented market. A large number of small players all over the world are providing a different type of service along the value chain of a clinical trial, including national wholesalers. Examples for competitors apart from Clinigen Group are Durbin Group, Myoderm, Alium Medical, AD Allen and Caligor RX.

Gross margins in the industry are influenced by the price segment of the pharmaceutical, being either the high-priced segment where the margins are lower, or low-priced drugs with higher margins, and by the location of the customer's side. The latter will have an impact on the logistics costs (*source: Clinigen, Annual Report 2017*).

13.2 Competitive environment and Issuer's positioning

13.2.1 Parallel Trading

With regard to Parallel Trading (and apart from the original marketing authorisation holder or manufacturer of the respective pharmaceutical product) the Company considers the following as its main competitors: Kohl Pharma, EMRAmed/Paranova, EurimPharm, Axicorp (part of Dermapharm), Orifarm, CC Pharma, Haemato, Fisher Pharma (part of Mosadex Group), Medcor, Pharmachim, Eureco and ACA Müller Pharma.

According to its own estimates, Abacus Medicine and its core peers accounted for 60% of the Parallel Trading market in end fiscal year 2018. Among its competitors Abacus Medicine is the fastest growing company in the European Parallel Trading industry for pharmaceutical products in terms of revenue for the periods including the fiscal years ended December 31, 2016 to 2018 with revenue amounting to €332 million in the fiscal year ended December 31, 2018 while revenue increased at CAGR of 36.7% from 2016 to 2018 *(source: Company information based on IQVIA MIDAS Quantum December 2018; Abacus Medicine, Annual Report 2018)*.

Abacus Medicine constantly increased its market position within the Parallel Trading market from 2% in 2015 to 5% in 2017 and to 6.46% in 2018 of total market share in Europe (*source: Company information based on IQVIA MIDAS Quantum December 2018*). Market share has also increased in Germany, from 2.2% in 2015 to 7.0% in 2018, in Sweden with 5.9% in 2015 to 9.0% in 2018, in Denmark from 3.2% in 2015 to 10.7% in 2018 and in the Netherlands from 0.4% in 2016 to 2% in end fiscal year 2018 *(source: Company information based on IQVIA MIDAS Quantum December 2018)*.

13.2.2 Unlicensed Medicine and Clinical Trials Services

In the area of Unlicensed Medicine the Company considers Specific Pharma and Ilapo, Walter Krebs, Komtur and Medizone in Germany as its main competitors. In the area of Clinical Trials Services the Company considers Clinigen, Durbin, Tanner, Caligor and Bionical as its main competitors. In the area of Named Patient Programs and Manage Access Programs the Company considers Clinigen, Durbin and Bionical as its main competitors.

14. MATERIAL AGREEMENTS

In the previous fiscal years, Abacus Medicine has entered into the following agreements. Abacus Medicine is not dependent on any other industrial, commercial or financial contracts.

14.1 Secured DKK 245 million Multi-Option Facility Agreement

On October 10, 2018, the Company as borrower and guarantor and Danske Bank A/S ("**Danske Bank**") as lender entered into a DKK 245 million (approximately €32.8 million) multi-option facility agreement with DKK as the base currency with the option to utilise other currencies if acceptable to Danske Bank (the "**Multi-Option Facility Agreement**") for refinancing of: (i) the DKK45,000,000 credit facility dated November 17, 2015, (ii) the DKK 145,000,000 credit facility dated January 12, 2017; and (iii) the DKK 55,000,000 credit facility dated February 13, 2018, all entered into between the Company as borrower and Danske Bank as lender. Abacus Medicine Berlin GmbH has acceded to the Multi-Option Facility Agreement as an additional borrower.

The Multi-Option Facility Agreement can be utilised in the form of (i) overdraft facilities and (ii) letters of credit. Amounts outstanding under the Multi-Option Facility Agreement are being secured by, *inter alia*, the Company's share pledge of shares in Abacus Medicine Berlin GmbH and Abacus Medicine Hungary Kft., a floating charge with a nominal amount of DKK 80,000,000 granted by the Company and registered with the Danish Personal Register and assignment agreements regarding the Company's receivables, which it at any time may have against Abacus Medicine Berlin GmbH and Abacus Medicine Hungary Kft. The Company is liable for any amount outstanding from time to time under the Multi-Option Facility Agreement (including any borrowings made by Abacus Medicine Berlin GmbH). The Company's claims against Abacus Medicine Berlin GmbH are subordinated to and lower in priority after outstanding amounts under the Multi-Option Facility Agreement and the Company is not entitled to enforce such claims as long as there are any amounts outstanding under the Multi-Option Facility Agreement.

Further, amounts outstanding under the Multi-option Facility Agreement are being secured by Wagner Family Holding ApS' share pledge of its shares in the Company, however, the pledge will be released to facilitate delivery of the Share Loan Shares unencumbered and to facilitate completion of the Offering. If the net proceeds of the Offering are less than DKK 250,000,000 (to be received by the Company no later than June 11, 2019) the share pledge shall be amended and restated to cover all shares owned by Wagner Family Holding ApS and a custody account on which those shares shall be deposited, and a yield account to which distributions from the shares be paid.

The Multi-Option Facility Agreement has a three years term. The Multi-Option Facility Agreement contains event of default provisions which the Company deems to be in line with market standard. In addition, the Company is required to meet certain financial covenants. Financial covenants include *inter alia* certain ratios such as a solvency and leverage ratios. As per December 31, 2018, and as per March 31, 2019, the solvency covenant was breached as the Company did not generate anticipated proceeds from its initial intent to conduct a public offering in October 2018. However, waivers have been granted by Danske Bank on December 19, 2018 and on May 9, 2019, respectively. By way of an addendum to the Multi-Option Facility Agreement dated May 9, 2019, the solvency ratio has been reduced until June 20, 2020 to a lower level at which the Company would not have been in breach with the respective covenant as of the respective dates mentioned above. Non-satisfaction of the financial covenants would constitute an event of default under the Multi-Option Facility Agreement. Furthermore, the Multi-Option Facility Agreement provides for a change-of-control clause pursuant to which the lender shall have the right to cancel any commitments under the Multi-Option Facility Agreement if (i) Wagner Family Holding ApS ceases to hold directly more than 50% of the Company's issued share capital (or more than 50% of the voting rights in the Company), or (ii) Flemming Wagner ceases to hold directly or indirectly more than 86% of Wagner Family Holding ApS's issued share capital (or more than 86% of the voting rights in Wagner Family Holding ApS), or (iii) any other person or group of persons acting in concert gains direct or indirect control of the Company or Wagner Family Holding ApS.

Further, the Company is required to meet certain undertakings in respect of *e.g.* no change of business and dividend payments and no loans and guarantees grantings pursuant to which the Company shall not grant any loan to third parties Following the Company's breach of this undertaking under the Multi-Option Facility Agreement as a result of the granting of a loan by the Company to Pluripharm Groep B.V. (see *"14.3. Convertible loan."*) a waiver has been granted by Danske Bank by way of another addendum to the Multi-Option Facility Agreement dated February 6, 2019. According to such other addendum, Abacus Medicine (i) shall undertake not to acquire any other company or invest in shares (including by way of a capital contribution), equity, a business or undertaking without the bank's prior written consent provided that the

consideration does not exceed DKK 20,000,000 (or its equivalent) in any financial year and (ii) may request to the bank to accept a conversion of the convertible loan granted to Pluripharm.

14.2 Factoring Agreement

Abacus Medicine is further using factoring as a part of the daily business where a predominant part of the receivables is sold. In May 2016, the Company entered into a factoring agreement with AL Finans A/S with a credit line of DKK 250 million and 90% of the invoice amount. On August 1, 2017, the Company and AL Finans A/S entered into an amendment to the factoring agreement (as amended from time to time, the "**Factoring Agreement**"). In August 2017, the Factoring Agreement was changed to an off-balance sheet model, whereby AL Finans purchases the invoices. Under the Factoring Agreement, as amended to be an off-balance sheet factoring scheme, the invoices submitted to AL Finans are paid in cash to the Group by AL Finans no later than the day after the invoice is issued. As at the date of this Prospectus, the Factoring Agreement has a credit limit of approximately €63.8 million (DKK 475.0 million) (December 31, 2018: 63.7 million; December 31, 2017: €47.0 million, December 31, 2016: €33.6 million) and covers invoices issued by the Company, Abacus Medicine Berlin GmbH, and Originalis B.V. As of October 1, 2018, the Company's credit limited under the factoring agreement with AL Finans on € 57.1 million (DKK 425 million) was increased by DKK 100 million to DKK 525 million. The increase of DKK 100 million came into effect from November 1, 2018 with DKK 25 million per quarter, so the full increase is effective from July 1, 2019.

14.3 Convertible loan granted to Pluripharm Groep B.V.

On January 23, 2019, the Company entered into an agreement with its wholesale customer, Pluripharm Groep B.V. based in Alkmaar, the Netherlands ("**Pluripharm**") and Pluripharm's sole shareholder, Goofy-Sam Holding B.V. ("**Goofy-Sam**") pursuant to which the Company purchased pharmaceutical products from Pluripharm at a purchase price of €4.7 million including VAT and granted a loan to Pluripharm in the amount of €650,000.00 at an interest rate of 4% per annum (the "**Convertible Loan Agreement**"). The Convertible Loan Agreement is governed by the laws of the Netherlands. The loan was granted in the light of a liquidity shortage of Pluripharm resulting, *inter alia,* from problems with the implementation of an ERP system. The rationale of granting the loan was therefore to secure a sufficient liquidity level at Pluripharm which allows for the continuance of its core operations, and thereby protecting the Company's main access and distribution channel to the Parallel Trading market in the Netherlands.

Unless not terminated and early redeemed with a six-month's notice by the Company, the Convertible Loan Agreement has a three years term and the loan shall be repaid by February 1, 2022. According to the terms of the Convertible Loan Agreement, Abacus Medicine reserves the option – at any time until February 1, 2022 – to convert the loan into 70% of shares in Goofy-Sam. Upon exercise of the option to convert, a shareholder agreement as agreed between the Company and the shareholders of Goofy-Sam dated January 23, 2019 (the "**Draft Shareholder Agreement**") will become effective pursuant to which the remaining 30% of shares in Pluripharm shall be purchased by Abacus Medicine. According to the Draft Shareholder Agreement the price for the remaining shares shall be calculated as (1) the highest of (i) a calculated *pro rata* enterprise value of Goofy-Sam or (ii) a multiple of the enterprice value or (2) a fixed minimum price. Once converted, the purchase of the remaining shares may take place on January 1, 2023 and occurs annually for the successive two years but ultimately on January 1, 2025.

The Convertible Loan Agreement also provides for termination rights, in particular, if any of the following events occurs: (i) if Pluripharm files for bankruptcy or suspends payments or if similar proceedings are filed in respect of Pluripharm; or (ii) if a receiver, trustee, administrator or other similar officer is appointed in respect of Pluripharm; or (iii) if Pluripharm is dissolved or liquidated.

According to the terms of the Convertible Loan Agreement, Pluripharm is obliged to conduct a group-wide monthly financial reporting vis-à-vis Abacus Medicine and further undertakes (i) not to distribute any dividends to Goofy-Sam and (ii) not to grant any loans to its subsidiaries during the term of the Convertible Loan Agreement and (iii) not to sell or transfer shares to third parties without Abacus Medicine's prior written consent.

In order to secure the Company's claims under the Convertible Loan Agreement, Pluripharm has granted a third ranking right of pledge in favour of the Company over its current and future accounts receivable under the terms of a general deed of pledge of account receivable entered into between the Company, Pluripharm (and certain subsidiaries) and certain banks (the "**Accounts Receivable Pledge and Subordination Agreement**") on January 29, 2018, whereas a first and second ranking right of pledge on accounts receivables were granted to certain financing banks. The Company's accounts receivable pledge relates to contractual or non-contractual

receivable with any debtor including all rights and securities connected to these accounts receivable for a maximum of €5 million. Under the terms of the Accounts Receivable Pledge and Subordination Agreement which is also governed by the laws of the Netherlands, Abacus Medicine is only entitled to enforce its third ranking right of pledge after the claims of the preferentially secured banks will be completely settled. Abacus Medicine's claims will be subordinated to all present and/or future claims the banks may have against Pluripharm and Abacus shall not claim its subordinated claim neither in full nor partially unless otherwise consented by the banks and the claim shall not be due for payment until the bank's claims are not settled. The Accounts Receivable Pledge and Subordination Agreement is terminated six months following the signing date and Abacus Medicine's third ranking right of pledge on the accounts receivable will be released on that date.

15. GENERAL INFORMATION ON THE COMPANY

15.1 Formation, incorporation, commercial name and registered office

The Issuer is a public limited liability company (in Danish: *aktieselskab*) incorporated in Denmark and is governed by the laws of Denmark.

The Issuer's legal name is "ABACUS MEDICINE A/S", and the Issuer does not have any secondary names. The Issuer primarily operates under the commercial name "Abacus Medicine".

The Issuer's registered office is located in the municipality of Copenhagen at Vesterbrogade 149, 1620 Copenhagen V, Denmark, tel. +45 70220212), and is registered with the Danish Business Authority under CVR no. 28 11 15 76.

15.2 Fiscal year and duration

The Issuer's fiscal year is the calendar year. The Issuer was established for an unlimited period of time.

15.3 History of the Issuer

The Company was established as a private limited liability company (in Danish: "*anpartsselskab*") on September 17, 2004 (registration completed with the Danish Business Authority on September 20, 2004). On December 22, 2010 the Company was converted to a public limited liability company (in Danish: "*aktieselskab*") (registration completed with the Danish Business Authority on January 7, 2011).

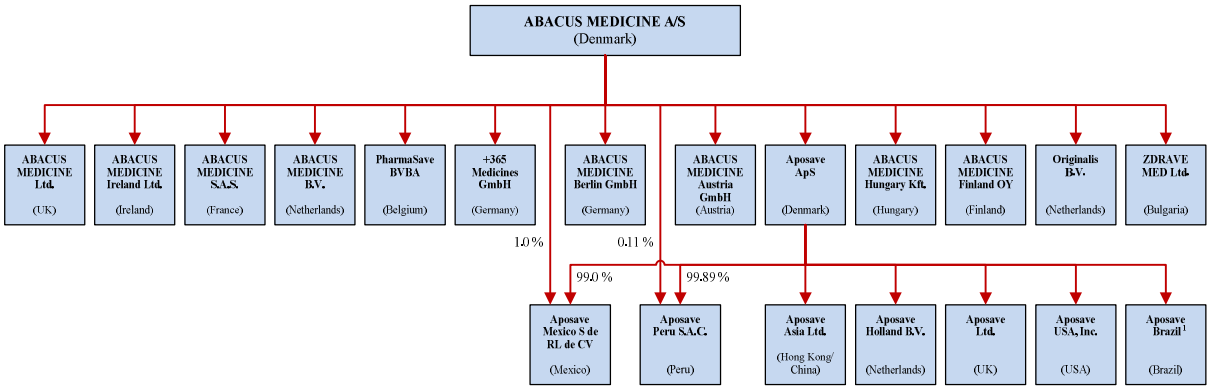
15.4 Corporate purpose

Pursuant to the Company's Articles of Association, the Company's objectives are the Parallel Trading of pharmaceuticals, trade of medicine in relation to non-registered pharmaceuticals and trade of pharmaceuticals in relation to clinical trials and to carry out associated activities.

15.5 Group structure

The Issuer is the parent company of the Group which comprised as of the date of this Prospectus a total of 21 companies in 16 countries and has one new company in the process of being incorporated. All of the subsidiaries are, either directly or indirectly, entirely owned and are fully consolidated.

The following diagram provides an overview of the direct and indirect shareholdings of the Issuer in its subsidiaries as of the date of this Prospectus. The percentage of ownership in each entity is 100.0% unless indicated otherwise.



[1] Full legal name of Aposave Brazil: APOSAVE PRESTACÃO DE SERVICOS DE MARKETTNG E PESQUISA DE MERCADO EIRELI

15.6 Significant subsidiaries

The following table sets forth the Group's significant subsidiaries which are all directly held by the Issuer, as at the date of this Prospectus. Significant subsidiaries in this regard are such (i) where the book value of the Issuers' participating interest represents at least 10% of the consolidate net assets of the Issuer, (ii) where the participating interest generates at least 10% of the net profit or loss of the Group, or (iii) whose business is otherwise of significant importance to the Issuer.

Entity Name	Legal Seat (Country)	Main Corporate Purpose [1]	Voting Rights [2]
			(in %)
Abacus Medicine Hungary Kft.	Budapest (Hungary)	Repacking and Relabelling Facility	100.0
Abacus Medicine Berlin GmbH	Velten (Germany)	Sales of products for the German market	100.0
Aposave ApS	Copenhagen (Denmark)	Parent company of the Aposave group	100.0

[1] According to the respective entity's articles of association

[2] Identical to the interest in the respective entity's share capital

15.7 Auditors

The name and address of ABACUS MEDICINE A/S' independent auditors are as follows: Ernst & Young Godkendt Revisionspartnerselskab, Osvald Helmuths Vej 4, Postboks 250, 2000 Frederiksberg, Denmark ("**Ernst & Young**").

Ernst & Young is currently represented by Peter Gath, State Authorised Public Accountant, and Ole Becker, State Authorised Public Accountant, both members of FSR – Danish Auditors (FSR – *danske revisorer*). Peter Gath, State Authorised Public Accountant, replaced Henrik Barner Christiansen, State Authorised Public Accountant, who left Ernst & Young in 2018.

15.8 Notices; Publications; Issuing agent

The Company will be obliged to disclose certain information to the public pursuant to the Danish Capital Markets Act and the Danish Executive Order no. 1173 of October 31, 2017 on an Issuers' Duty to Provide Information (the "**Danish Executive Order on Issuers' Duty to Provide Information**"). Information which would have to be disclosed under these rules includes, for example: (i) periodic information, *e.g.*, annual reports; and (ii) disclosure of the total number of voting rights and capital at the end of each calendar month during which an increase or decrease of such total number has occurred.

After the Offering, the Company will be subject to the legal requirements for companies listed on a public German stock exchange and in particular on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the sub-segment of the regulated market with additional post admission obligations (Prime Standard). These requirements include periodic financial reporting and other public disclosure of information (including those required by the stock exchange listing authorities), regular calls with securities and industry analysts, and other required disclosures. Publications required by stock exchange laws will be made via electronic information systems and will be available for download from the Company's website or published in a national journal designated for such purposes by the Frankfurt Stock Exchange.

The issuing agent is VP Securities A/S.

16. CAPITAL STRUCTURE AND GENERAL PROVISIONS OF APPLICABLE STOCK CORPORATION AND CAPITAL MARKETS LAW

The following is a summary of material information relating to the Company's share capital, including a summary of certain provisions of the Company's articles of associations dated May 2, 2019 as well as a brief description of certain provisions applicable under Danish and German law. This summary does not purport to be exhaustive and should be read in conjunction with the full text of the Company's Articles of Association as well as in the context of applicable Danish and German law.

16.1 Registered share capital

As of the date of this Prospectus, the Company's share capital had a nominal value of €372,500.00, divided into 7,450,000 shares of €0.05 or multiples thereof. All Shares are issued and fully paid up. The Shares are not divided into share classes and all Shares have the same rights and rank *pari passu* in respect of voting rights, pre-emption rights, redemption, conversion or eligibility to receive dividend or proceeds in the event of dissolution and liquidation. The Shares shall be issued in the name of the holder and shall be recorded in the name of the holder in the Company's register of shareholders and no Shares shall carry special rights, restrictions or limitations according to the Articles of Association.

Each Share of nominally €0.05 gives the holder the right to one vote at the Company's general meetings.

The Company has issued warrants to subscribe for a total of up to 426,366 shares in the Company corresponding to a nominal amount of up to €21,318.30 as described in section "*16.3. Authorisation to increase the share capital*" below.

Immediately after payment of the New Shares to be issued by the Company as described in this Prospectus and registration of the related capital increase with the Danish Business Authority, the Company's registered share capital will have a nominal value of €551,810.35, divided into 11,036,207 Shares of a nominal value of €0.05 each assuming an Offer Price at the mid-point of the Price Range.

16.2 Changes in the share capital

The table set forth below presents the development in the Company's share capital for the past three financial years and until the date hereof.

Date of approval	Transaction type	Share capital before change	Share capital change	Share capital after change	Number of shares after change
		(in DKK, unless specified otherwise)			
June 30, 2015	Capital increase by debt conversion	2,128,378.00	514,239.00	2,642,617.00	2,642,617
June 14, 2017	Capital increase by cash contribution	2,642,617.00	132,130.00	2,774,747.00	2,774,747
October 10, 2018	Conversion of the share capital into €	2,774,747.00	–	€372,500.00	7,450,000

16.3 Authorisation to increase the share capital

The Board of Directors has pursuant to the Company's Articles of Association been granted authorisation to increase the Company's share capital.

The Company has according to Article 3.1 of the Company's Articles of Association issued warrants to certain key employees for subscription of shares in the Company up to a nominal amount of €8,853.55. Exercise of warrants issued pursuant to Article 3.1 can take place from June 1 to June 30, 2019. The Company has according to Article 3.2 of the Company's Articles of Association issued warrants to certain key employees for subscription of shares in the Company up to a nominal amount of €4,228.75. Exercise of warrants issued pursuant to Article 3.2 can take place from June 1, to June 30, 2020. According to Article 3.3 of the Company's Articles of Association, the Company has issued warrants to certain key employees for subscription of shares in the Company up to a nominal amount of €5,970.60. The warrants issued pursuant to Article 3.3 may be exercised in equal parts during December 1 to December 31, 2020, July 1 to July 31, 2021 and February 1 to February 28, 2022. Lastly, the Company has issued warrants according to Articles 3.4 of the Company's Articles of Association to certain members of the Board of Directors up to a nominal value of €2,265.40. Exercise of

warrants issued pursuant to Article 3.4 can take place in the period December 1, to December 31, 2020. To the extent warrants issued as described have not been exercised or the subscription amount has not been paid by the expiration of the relevant subscription period, or the key employee or member of the Board of Directors declares that he or she does not want to exercise his/her warrant, the right of subscription lapses. Shares issued as a result of exercise of the warrants as described shall be issued in the name of the holder, shall be recorded in the name of the holder in the Company's register of shareholders, shall be negotiable instruments and shall in every respect carry the same rights as the existing shares.

In accordance with Article 4.1 of the Company's Articles of Association, the Board of Directors is, until April 30, 2020 authorised to increase the share capital of the Company in one or more issues without pre-emption rights for the Company's existing shareholders by up to a nominal amount of €200,000. The capital increase shall take place at market price as determined by the Board of Directors and shall be effected by cash payment. The IPO Capital Increase will be based on this authorisation which was resolved by the annual general meeting of the shareholders of the Issuer held on May 2, 2019.

In accordance with Article 4.2 of the Company's Articles of Association, the Board of Directors is, until April 30, 2024, authorised to increase the Company's share capital in one or more issues of new shares without pre-emption rights for the Company's existing shareholders by up to a nominal amount of €114,000. The capital increase shall take place at market price as determined by the Board of Directors and may be effected by cash payment, conversion of debt or by contribution of other assets than cash.

In accordance with Article 4.3 of the Company's Articles of Association, the Board of Directors is, until April 30, 2024, authorised to increase the Company's share capital in one or more issues of new shares without pre-emption rights for the Company's existing shareholders by up to a nominal amount of €11,450 in connection with the issue of new shares to members of the Board of Directors, executives and/or employees of the Company. The new shares shall be issued against cash payment at a subscription price to be determined by the Board of Directors, which may be below the market price.

Furthermore, in accordance with Article 4.4 of the Company's Articles of Association the Board of Directors is, until April 30, 2024, authorised to issue warrants to members of the Board of Directors, executives and/or employees of the Company by one or more issues entitling the holder(s) to subscribe for shares by up to a nominal amount of €28,625. The subscription shall take place without pre-emption rights for the existing shareholders. The exercise price shall be determined by the Board of Directors at the time of the decision to issue the warrants. The Board of Directors determines any other terms and conditions governing the warrants.

Shares issued pursuant to the Board of Directors' authorisations described above shall be paid in full, shall be issued in the name of the holder, shall be recorded in the name of the holder in the Company's register of shareholders, shall be negotiable instruments and shall in every respect carry the same rights as the existing shares. The Board of Directors is authorised to lay down the terms and conditions for capital increases pursuant to the above authorisations and to make any such amendments to the Company's Articles of Association as may be required as a result of the Board of Directors' exercise of said authorisations.

16.4 Convertible bonds, exchangeable securities or securities with warrants

Currently, the Company has not issued any convertible bonds, exchangeable securities or securities with warrants.

16.5 Authorisation to acquire treasury shares

The Board of Directors is authorised in the period until April 30, 2024, to approve the acquisition of treasury shares, on one or more occasions, with a total nominal value of up to 10% of the share capital of the Company, subject to the Company's holding of treasury shares after such acquisition does not exceed 10% of the Company's share capital. The consideration may not deviate more than 10% from the official price quoted on Frankfurt Stock Exchange at the time of acquisition. Currently, neither the Company owns treasury shares nor holds any other person shares in the Company on behalf of it nor holds any of the Company's subsidiaries shares in the Company.

16.6 Authorisation to distribute interim dividends

The Board of Directors is authorised to distribute interim dividends pursuant to Article 10.1 of the Company's Articles of Association but currently the Company has no plans to distribute dividends in the near future.

16.7 General meetings; Voting rights; Resolutions; Amendments to Articles of Association

16.7.1 General meeting

The Company's general meetings shall be held in (i) the Capital Region of Denmark or (ii) the city of Frankfurt am Main, Germany, as decided by the Board of Directors.

The Company's annual general meeting shall be held each year in due time for the audited and approved annual report to be received by the relevant authorities before the applicable statutory time limit. Not later than eight weeks before the contemplated date of the annual general meeting, the Company shall publish the date of the general meeting and the deadline for submitting requests for specific proposals to be included in the agenda.

Extraordinary general meetings shall be held when determined by the Board of Directors or requested by the Company's auditor. Furthermore, the Board of Directors shall convene an extraordinary general meeting within two weeks of receipt of a written request from shareholders representing no less than 5% of the share capital containing specific proposals for the business to be transacted at such extraordinary general meeting.

General meetings shall be convened by the Board of Directors with at least three weeks' and not more than five weeks' notice. The notice shall be published on the Company's website. Furthermore, a notice of the general meeting shall be sent electronically to all shareholders recorded in the Company's register of shareholders who have requested such notice.

In accordance with Danish law, the notice shall specify the time and place of the general meeting and the agenda containing the business to be transacted at the general meeting. If a proposal to amend the Articles of Association is to be considered at the general meeting, the main contents of the proposal shall be specified in the notice.

The Company's general meetings shall be held in English. Documents prepared in connection with or following a general meeting shall be in English and, to the extent required by law or if decided by the Board of Directors, in Danish or German.

Annual reports shall be prepared in English and, if decided by the Board of Directors, in Danish.

Every shareholder is entitled to have specific business transacted at the general meeting, provided that the shareholder submits a written request to that effect to the Board of Directors not later than six weeks before the date of the general meeting.

The right of a shareholder to attend a general meeting and to vote is determined by the Shares held by the shareholder at the record date. The record date is one week before the general meeting. The Shares held by each shareholder are determined at the record date based on the number of Shares held by that shareholder as registered in the Company's register of shareholders and any notification of ownership received by the Company for the purpose of registration in its register of shareholders, but which have not yet been registered.

At the general meeting each Share of the nominal value of €0.05 shall carry one vote.

A shareholder who is entitled to attend the general meeting pursuant to the Company's Articles of Association and who wants to attend the general meeting shall notify the Company of its attendance no later than three days prior to the date of the general meeting. A shareholder may attend in person or by proxy, and the shareholder or the proxy may attend together with an adviser.

The right to vote may be exercised by a written and dated instrument of proxy in accordance with applicable laws. The Board of Directors of the Company may be appointed as proxy. A shareholder who is entitled to participate in the general meeting according to the Company's Articles of Association may vote by postal vote in accordance with the Danish Companies Act. Such postal votes shall be received the Company no later than the business day before the general meeting. Postal votes cannot be withdrawn.

Provided the Company's Shares are listed on Frankfurt Stock Exchange, Clearstream Banking AG will be the only registered shareholder in the Company in VP Securities A/S and therefore, beneficial owners (which will be the "shareholders" as described above) will have to exercise their shareholder rights, including voting rights, through their respective account holding institutions or nominee banks.

16.7.2 Resolutions by the general meeting and amendments to the Articles of Association

Resolutions at general meetings shall be passed by a simple majority of votes cast, unless otherwise prescribed by law or by the Company's Articles of Association.

The provisions in the Company's Articles of Association relating to a change of the rights of shareholders or a change to the capital are not more stringent than required by the Danish Companies Act.

16.8 Pre-emption rights

Under Danish law, the Company's shareholders generally have pre-emption rights if the general meeting of the Company resolves to increase the share capital by cash payment, including through an issue of warrants or convertible debt instruments. However, the pre-emption rights of the shareholders may be derogated by a majority comprising at least 2/3 of the votes cast and of the share capital represented at the general meeting if the share capital increase is made at market price. The Board of Directors is authorised to increase the Company's share capital in one or more issues at market price without pre-emption rights to the Company's shareholders. See "*16.3. Authorisation to increase the share capital*".

The exercise of pre-emption rights may be restricted for shareholders resident in certain jurisdictions, including but not limited to the United States, Canada, Japan and Australia, unless the Company decides to comply with applicable local requirements. Consequently, holders in the United States of America (the "**U.S.**") and certain other holders of shares may not be able to exercise their pre-emption rights or participate in a rights offer, as the case may be, unless a registration statement under the Securities Act or other applicable law is effective with respect to such rights or an exemption from the registration requirements is available.

The Company intends to evaluate at the time of any issue of Shares subject to pre-emption rights or in a rights offer, as the case may be, the cost and potential liabilities associated with complying with any local requirements, including any registration statement in the U.S., as well as the indirect benefits to the Company of enabling the exercise of non-Danish shareholders of their pre-emption rights to Shares or participation in any rights offer, as the case may be, and any other factors considered appropriate at the time, and then to make a decision as to whether to comply with any local requirements, including filing any registration statement in the U.S. No assurances are given that local requirements will be complied with or that any registration statement would be filed in the U.S. or any other jurisdiction so as to enable the exercise of such holders' pre-emption rights or participation in any rights offer.

16.9 Redemption and conversion provisions

Except as provided for in the Danish Companies Act, see "*16.12. Exclusion of minority shareholders*", no shareholder is under an obligation to have his Shares redeemed in whole or in part by the Company or by any third party, and none of the Shares carry any redemption or conversion rights or any other special rights.

16.10 Dissolution and liquidation

In the event of dissolution and liquidation, the Company's shareholders are entitled to participate in the distribution of assets in proportion to their nominal shareholdings after payment of the Company's creditors

16.11 Indication of takeover bids

Prior to its Shares being admitted to listing on the Frankfurt Stock Exchange, the Company was (and currently is) not subject to any rules on takeover bids. No takeover offers have been made by any third party in respect of the Shares during the past or current fiscal year.

The Company's Articles of Association do not contain provisions that are likely to have the effect of delaying, deferring or preventing a change in control of the Company.

16.12 Exclusion of minority shareholders

Where a shareholder holds more than 90% of the shares in a company and a corresponding proportion of the voting rights, such shareholder may, pursuant to the Danish Companies Act, Section 70, decide that the other shareholders have their shares redeemed by that shareholder. In this case, the other shareholders must be requested, under the rules governing notices for general meeting, to transfer their shares to the shareholder within four weeks after such request. In addition, the other shareholders shall through the Danish Business Authority's IT system be requested to transfer their shares within the same four-week period. Specific requirements apply to the contents of the notices to the other shareholders regarding the redemption. If the redemption price cannot be agreed upon, the redemption price must be determined by an independent expert appointed by the court in the jurisdiction of the company's registered office in accordance with the provisions of

the Danish Companies Act. However, the redemption price will be deemed fair under any circumstances, provided that (i) the redemption takes place in continuation of a voluntary tender offer by which the bidder obtained at least 90% of the voting rights, or (ii) the redemption takes place after a mandatory tender offer. To the extent any minority shareholders have not transferred their shares to the acquiring shareholder before the expiry of the four-week period, the redeeming shareholder shall, as soon as possible thereafter, deposit the amount required for redemption for the benefit of such minority shareholders. Upon the deposit, such minority shareholders will have been redeemed and the minority shareholders shall in such case through the Danish Business Authority's IT system be notified that the right to require determination of the redemption price by the independent expert expires at the end of a period, which cannot be less than three months pursuant to the Danish Companies Act, Section 72.

Furthermore, where a shareholder holds more than 90% of the shares in a company and a corresponding proportion of the voting rights, the other shareholders may require such shareholder to acquire their shares pursuant to Section 73 of the Danish Companies Act. If the redemption price cannot be agreed upon, the redemption price must be determined by an independent expert appointed by the court in the jurisdiction of the company's registered office in accordance with the provisions of the Danish Companies Act. Expenses relating to the determination of the redemption price must be paid by the shareholder requesting such determination. If the valuation is higher than that offered by the redeeming shareholder, the court may order the redeeming shareholder to pay the expenses relating to determination of the redemption price in full or in part.

16.13 Shareholder notification requirements; Mandatory takeover bids

16.13.1 Shareholder notification requirements

Shareholders in Danish companies with shares admitted to trading and listing on the Frankfurt Stock Exchange are, pursuant to Section 38 of the Danish Capital Markets Act, required to give simultaneous notice to the company and the Danish FSA of the shareholding in the company, when the shareholding reaches, exceeds or falls below thresholds of 5%, 10%, 15%, 20%, 25%, 50% or 90% and limits of one-third or two-thirds of the voting rights or nominal value of the total share capital.

A shareholder in a company means a natural or legal person who, directly or indirectly, holds: (i) shares in the company on behalf of himself and for his own account; (ii) shares in the company on behalf of himself, but for the account of another natural or legal person; or (iii) depository receipts, where such holder is considered a shareholder in relation to the underlying shares represented by the depository receipts.

The duty to notify set forth above further applies to natural and legal persons who are entitled to acquire, sell or exercise voting rights which are:

i. held by a third party with whom that natural or legal person has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the issuer in question (common duty to inform for all parties to the agreement);

ii. held by a third party under an agreement concluded with that natural or legal person providing for the temporary transfer of the voting rights in question in return for consideration;

iii. attached to shares which are lodged as collateral for that natural or legal person, provided the person controls the voting rights and declares an intention of exercising them;

iv. attached to shares in which that natural or legal person has a lifelong right of disposal;

v. held, or may be exercised within the meaning of (i) to (iv), by an undertaking controlled by that person or entity;

vi. attached to shares deposited with that natural or legal person and which the person can exercise at his own discretion in the absence of specific instructions from the shareholders;

vii. held by a third party in its own name on behalf of that person; or

viii. exercisable by that person through a proxy where that person may exercise the voting rights at his discretion in the absence of specific instructions of the shareholder.

The duty to notify set forth above also applies to anyone, who directly or indirectly holds (a) financial instruments that afford the holder either an unconditional right to acquire or the discretion as to his right to acquire existing shares (*e.g.*, share options); and/or (b) financial instruments based on existing shares and with an economic effect equal to that of the financial instruments mentioned in (a), regardless of them not affording the

right to purchase existing shares (*e.g.*, cash-settled derivatives linked to the value of the shares in question). Holding these kinds of financial instruments counts towards the thresholds mentioned above and may thus trigger a duty to notify by themselves or when accumulated with a shareholding.

The notification shall be made promptly but not later than four weekdays after the shareholder was aware or should have become aware of the completion of the transaction, and in accordance with the provisions of Danish Executive Order no. 1172 of October 31, 2017 on Major Shareholders (the "**Danish Executive Order on Major Shareholders**"). The shareholder is deemed to have become aware of the completion of the transaction two weekdays after the completion of the transaction. The shareholder shall disclose the change in voting rights and shares, including the number of voting rights (and the division of voting rights between share classes, if applicable) and shares held directly or indirectly by the shareholder following the transaction. The notification shall further state the transaction date on which the threshold was reached or no longer reached and the identity of the shareholder as well as the identity of any natural or legal person with the right to vote on behalf of the shareholder and in the case of a group structure, the chain of controlled undertakings through which voting rights are effectively held. The information shall be notified to the company and simultaneously submitted electronically to the Danish FSA. Failure to comply with the notification requirements is punishable by fine or suspension of voting rights in instances of gross or repeated non-compliance.

When an obligation to notify rests on more than one natural or legal person, the notification may be made through a joint notification. However, use of a joint notification does not exempt the individual shareholders or natural or legal persons from their responsibilities in connection with the obligation to notify or the contents of the notification.

After receipt of the notification, but not later than three weekdays thereafter, the company shall publish the contents of the notification.

A Danish company with shares admitted to trading and official listing on Frankfurt Stock Exchange is required to promptly, but not later than four weekdays thereafter, publish an announcement specifying the company's, direct or indirect, holding of treasury shares, when the holding reaches, exceeds or falls below the thresholds of 5% or 10% of the voting rights or the nominal value of the share capital. This duty applies regardless of whether the company holds the treasury shares itself or through a person acting in his own name but on the company's behalf.

Furthermore, the general duty of notification under Section 55 of the consolidated Danish Companies Act of September 14, 2015 with amendments (the "**Danish Companies Act**") in respect of notification of significant holdings (similar to the thresholds set out in the Danish Capital Markets Act Section 38) applies, including when the limit of 100% of the share capital's voting rights or nominal value of the company is reached or are no longer reached. Section 58 of the Danish Companies Act provides that a company shall publish information related to major shareholdings received pursuant to Section 55 of the Danish Companies Act in an electronic public register of shareholders which is kept by the Danish Business Authority.

16.13.2 Mandatory takeover bids

The Danish Capital Markets Act (Part 8) and the Danish Executive Order no. 1171 of October 31, 2017 on Takeover Bids (the "**Danish Executive Order on Takeover Bids**") includes rules concerning public offers for the acquisition of shares admitted to trading on a regulated market. As the Company is registered in Denmark and is expected to have its securities admitted to trading on the Frankfurt Stock Exchange, any bid for the takeover of the Issuer will be subject to shared regulation, some aspects falling under Danish law and other aspects falling under German law pursuant to the German Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

Under the shared regulation regime, matters regarding company law (and related questions), such as, for instance, the question relating to the percentage of voting rights which give control over a company and any derogation from the obligation to launch a bid or regarding information to be provided to employees of the offeree company, will be governed by Danish law, while German takeover law applies to the matters relating to the consideration offered, the bid procedure, the contents of the offer document and the procedure of the bid. The German Regulation on the Applicability of the Takeover Code (*WpÜG-Anwendbarkeitsverordnung*) specifies the applicable provisions in more detail.

If a shareholding is transferred, directly or indirectly, in a company with one or more share classes admitted to trading on a regulated market, to an acquirer or to persons acting in concert with such acquirer, the acquirer and the persons acting in concert with such acquirer, if applicable, shall give all shareholders of the company the

option to dispose of their shares on identical terms, if the acquirer or the persons acting in concert with such acquirer gains control over the company as a result of the transfer.

Control as mentioned above exists if the acquirer or persons acting in concert with such acquirer, directly or indirectly, holds at least one-third of the voting rights in the company, unless it can be clearly proven in special cases that such ownership does not constitute control. An acquirer or persons acting in concert with such acquirer who does not hold at least one-third of the voting rights in a company, nevertheless has control when the acquirer has or persons acting in concert with such acquirer have:

- the right to control at least one-third of the voting rights in the company according to an agreement with other investors; or
- the right to appoint or dismiss a majority of the members of the central governing body.

Voting rights attached to treasury shares shall be included in the calculation of voting rights.

The Danish Capital Markets Act contains specific exemptions from the obligation to submit a mandatory takeover offer, including transfers of shares by inheritance or transfer within the same group and as a result of a creditor's debt enforcement proceedings Exemptions from the mandatory tender offer rules may be granted under special circumstances by the Danish FSA.

16.14 Manager's transactions

Persons discharging managerial responsibilities at the Issuer within the meaning of the MAR, such as the members of the Board of Directors, have to notify the Issuer and the Danish FSA promptly and no later than three business days following transactions exceeding a total of €20,000 per annum in the Shares, debt instruments, or in related financial instruments undertaken for their own account (so-called managers' transactions). This also applies to persons or entities that are closely associated with such executives within the meaning of the MAR. The Issuer shall ensure that such managers' transactions notifications are made public promptly and no later than three business days after the transaction.

16.15 Short Selling

Pursuant to Regulation (EU) No. 236/2012 of the European Parliament and of the Council of March 14, 2012 on short selling and certain aspects of credit default swaps (the "**EU Short Selling Regulation**"), the European Commission's delegated regulation for the purposes of detailing the EU Short Selling Regulation, and the German EU Short Selling Implementation Act (*EU-Leerverkaufs-Ausführungsgesetz*) of November 15, 2012, the short-selling of the Company's shares is only permitted under certain conditions. Additionally, under the provisions of the EU Short Selling Regulation, significant net-short selling positions in the Company's shares must be reported to BaFin and published if they exceed a specific percentage. The reporting and publication process is detailed in the German Regulation on Net-Short Positions (*Netto-Leerverkaufspositionsverordnung*) of December 17, 2012. The net short-selling positions are calculated by offsetting the short positions of a natural person or legal entity in the Company's shares with its long positions in such shares. The details are regulated in the EU Short Selling Regulation and the other regulations the European Commission enacted on short-selling. In certain situations described in the EU Short Selling Regulation, BaFin may restrict short-selling and comparable transactions.

17. MANAGEMENT

17.1 Overview

The Company has a two-tier governance structure consisting of the Board of Directors and the Executive Management. The two bodies are separate but have one overlapping member as the Company's CEO, Flemming Wagner, is also a member of the Board of Directors.

17.2 Board of Directors and Executive Management

The Board of Directors is responsible for the overall and strategic management and proper organisation of the Company's business and operations and it supervises the Company's activities, management and organisation. The Board of Directors appoints and dismisses the members of the Executive Management, who are responsible for the day-to-day operation of the Company.

In accordance with article 9 of the Articles of Association, the general meeting of the Company shall elect not less than four and not more than six members to the Board of Directors. The Board of Directors elects a chairman (the "**Chairman**") and if so decided a deputy chairman (the "**Deputy Chairman**" or – in case of two deputy chairmen, the "**Deputy Chairmen**") of the Board of Directors among its members.

The members of the Board of Directors elected by the general meeting are elected for a term of one year. Members of the Board of Directors may be re-elected.

Pursuant to article 11.1 of the Articles of Association, the Board of Directors appoints the Executive Management consisting of one to three members to be in charge of the day-to-day management of the Company.

17.2.1 Members

The Board of Directors is currently comprised by five members elected by the general meeting, including a Chairman. The Executive Management is currently comprised by the CEO, Flemming Wagner, who is also a member of the Board of Directors.

The Company believes that the members of the Board of Directors and the Executive Management possess the professional skills and experience required to serve as members of the Board of Directors and the Executive Management, respectively, and to supervise and manage a company with shares admitted to trading on the Frankfurt Stock Exchange.

Name	Member since	Appointed until	Responsibilities/ Principal Occupation
Troels Peter Troelsen (Chairman)	2008	2020	Chairman of the Board of Directors
Anders Kunze Bønding	2019	2020	Deputy Chairman of the Board of Directors
Jens Albert Harsaae	2017	2020	Deputy Chairman of the Board of Directors
Ole Jensen	2014	2020	Member of the Board of Directors
Flemming Wagner	2009	2020	Chief Executive Officer (CEO) and member of the Board of Directors

The members of the Board of Directors can be reached at the offices of the Company at Vesterbrogade 149, 1620 Copenhagen V, Denmark.

17.2.2 Experience

The following description provides summaries of the *curricula vitae* of the current members of the Board of Directors and Executive Management and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

17.2.2.1 Troels Peter Troelsen (Chairman)

Troels Peter Troelsen was born in Frederikssund. Mr. Troelsen holds a master's degree in macro economics from Aarhus University (Cand.Oecon). Mr. Troelsen began his career at Copenhagen Business School

(CBS)/Southern Danish University and was associate professor in 1976. In 1983, he joined Arla Foods as Sales and Marketing Director followed by various CEO and leading positions mostly among Danish and US companies within the foods industry (*e.g.*, CEO for Antonius Skinkesvin Ltd, CEO at Cerealia Ltd, Manager M&A at AT Kearney, USA; Chairman of Corona Cheese Company, USA). During 1991 and up to 2011 he was Chairman and Board Member of Land & Leisure A/S (now part of TUI), Small Cap Denmark A/S and Bioporto A/S, and for all three he initiated the initial public offerings at Copenhagen Stock Exchange during his Board membership. From 1999 to 2017 Mr. Troelsen took up his position as associate professor at Copenhagen Business School with research focus on dynamic pricing, supply chain management and sports economics. Since 1984, Mr. Troelsen is a member of VL group 23 which is the most influential business network in Denmark. Since 1999, Mr. Troelsen is frequently quoted by various media (press quotations, TV) mostly related to the economics of sports industry, since he assumed functions as Member of the IAAF, President of the Danish Athletic Federation and member of the Danish Olympic Committee.

In 2008, Mr. Troelsen joined Abacus Medicine as Member of the Board of Directors. In 2013, he became Chairman of the Board of Directors.

Alongside his office as the Chairman of the Board of Directors, Troels Peter Troelsen is or was a member of the management or supervisory board of and/or a partner in the following companies and partnerships outside Abacus Medicine:

Company and Place of registered office	Responsibilities	Term
Ropenhagen A/S, Taastrup, Denmark	Member of the Board of Directors	Currently
Reponex Pharmaceuticals A/S, Hørsholm, Denmark	Chairman of the Board of Directors	Currently
Chr. Panbo A/S, Aabenraa, Denmark	Chairman of the Board of Directors	Currently
TT 1919 ApS, Aabenraa, Denmark	Chief Executive Officer (CEO)	Currently
IGLO 1218 ApS, Aabenraa, Denmark	Chief Executive Officer (CEO)	Currently
Nørregade 20, 1165 K ApS, Odense, Denmark	Chief Executive Officer (CEO)	Currently
Cirbit ApS, Odense, Denmark	Chairman of the Board of Directors	Currently
Oak 17 ApS, Odense Denmark	Chief Executive Officer (CEO)	Currently
HH-Gruppen A/S, Odense Denmark	Chairman of the Board of Directors	Currently
Bæk & From A/S, Odense, Denmark	Chairman of the Board of Directors	Currently
Renoguard ApS, Kvistgård, Denmark	Majority owner	Currently
DAHLSBO ApS, Odense, Denmark	Chief Executive Officer (CEO)	Previously
Ejendomsselskabet Overgade 41 ApS, Odense, Denmark	Chief Executive Officer (CEO)	Previously
Ledproof ApS, Copenhagen, Denmark	Chairman of the Board of Directors	Previously
UAB DLK, Vilnius, Lithuania	Chairman of the Board	Previously
TT Odensia ApS, Odense, Denmark	Chief Executive Officer (CEO)	Previously
Administrationsselskabet ApS, Copenhagen, Denmark	Chief Executive Officer (CEO)	Previously
DSER ApS, Roskilde, Denmark	Chief Executive Officer (CEO)	Previously
Central Eastern Europe Invest A/S, Copenhagen, Denmark	Chairman of the Board of Directors	Previously
PCH Administration ApS, Copenhagen, Denmark	Chairman of the Board of Directors	Previously
Innolab Technology A/S, Copenhagen, Denmark	Member of the Board of Directors	Previously
MLL NEWHOLD ApS, Odense, Denmark	Member of the Board of Directors	Previously
B.S. Odense Holding ApS, Odense, Denmark	Chairman of the Board of Directors	Previously
Hestesportens Medier F.M.B.A, Charlottenlund, Denmark	Member of the Board of Directors	Previously
Dansk Egenkapital & Erhvervsobligation Invest ApS, Copenhagen, Denmark	Member of the Board of Directors	Previously

Other than listed above, Troels Peter Troelsen has not been a member of any administrative, management or supervisory body of any other company or partnership outside Abacus Medicine within the last five years.

17.2.2.2 Anders Kunze Bønding (Deputy Chairman)

Anders Kunze Bønding holds a MSc in Business & Finance from Copenhagen Business School (CBS). He started his career in the finance industry in 1990 as an Equity Analyst at Gudme Raaschou and became a project leader in corporate finance in 1996 before he assumed various functions within the corporate finance departments at Danske Bank from 1996 to 2013. In 2002, he became Head of Corporate Finance where he was a responsible member of the Nordic management team for M&A, IPO's and rights issues. In 2007, he became Global Head for Corporate Finance at Danske Bank and was responsible for origination, advisory and execution of over 100 equity capital markets and M&A transactions. From 2014 to 2016, Anders Kunze Bønding assumed the role as Head of financial strategy and origination at Nykredit and acted as member of the management team of Nykredit Wholesale. In September 2016, Anders Kunze Bønding founded Greystone Capital Partners as founding partner. Greystone provides advisory services on corporate finance matters predominantly with respect to debt restructurings, raising equity capital (via private and public transactions) and large and strategic M&A transactions. Greystone also manages an Equity fond investing in companies in special situations. Greystone is hired by Abacus Medicine as a financial advisor, providing advice to Abacus Medicine in the context of the Company's IPO under the terms of a service agreement and is invoiced on an hourly basis.

Since March 2017, he has been a member of the Board of Directors of SANISTÅL A/S and became Chairman of the Board of Directors in March 2019.

In May 2019, Mr. Anders Kunze Bønding joined Abacus Medicine as a deputy Chairman of the Board of Directors. Alongside his office as member of the Board of Directors, Anders Kunze Bønding has been a member of the management or supervisory board of and/or a partner in the following companies and partnerships outside Abacus Medicine:

Company and Place of registered office	**Responsibilities**	**Term**
SANISTÅL A/S, Aalborg, Denmark	Chairman of the Board of Directors	Currently
Moodagent A/S, Copenhagen, Denmark	Member of the Board of Directors	Currently
AKB INDEPENDENT ADVICE ApS, Gentofte, Denmark	Chief Executive Officer (CEO)/Owner	Currently
NJ & AB HOLDING IVS, Vedbæk, Denmark	Member of the Executive Board/Co-Owner	Currently
Greystone Capital Partners A/S, Copenhagen, Denmark	Member of the Executive Board/Owner	Currently
Greystone Capital Partners Holding IVS, Copenhagen, Denmark	Co-Owner	Currently
Greystone Capital Partners GP IVS, Copenhagen, Denmark	Co-Owner	Currently

Other than listed above, Anders Kunze Bønding has not been a member of any administrative, management or supervisory body of any other company or partnership outside Abacus Medicine within the last five years.

17.2.2.3 Jens Albert Harsaae (Deputy Chairman)

Jens Albert Harsaae was born in Aarhus. Mr. Harsaae studied finance and marketing at the Aarhus School of Business and holds a Master's degree in Economics. Mr. Harsaae began his career in 1990 as assistant brand manager and marketing manager at Procter and Gamble (P&G) where he was responsible for key brands in Sweden and Germany. Later, he assumed the function as Commercial Director for Western Europe at P&G in Switzerland. In 2001, he joined The Boston Consulting Group (BCG) and became Partner in 2005 and managing director of BCG Copenhagen in 2008. Since 2011, Mr. Harsaae performed non-executive chair/board member functions and industrial advisory services to clients to, *inter alia*, private equity or family offices. In 2014, he passed a board programme (Board academy) at the University of Copenhagen and passed a board programme at IMD Business School in 2015.

In 2017, Mr. Harsaae joined Abacus Medicine as non-executive board member.

Alongside his office as a Member of the Board, Jens Albert Harsaae, is or was a member of the management or supervisory Board of and/or a partner in the following companies and partnerships outside Abacus Medicine:

Company and Place of registered office	Responsibilities	Term
LanguageWire A/S, Copenhagen, Denmark	Chairman of the Board of Directors	Currently
LanguageWire Holding A/S, Copenhagen, Denmark	Chairman of the Board of Directors	Currently
Plus Pack A/S, Odense, Denmark	Chairman of the Board of Directors	Currently
Peter Justesen Company A/S, Hellerup, Denmark	Chairman of the Board of Directors	Currently
CO-RO A/S, Frederikssund, Denmark	Deputy Chairman of the Board of Directors	Currently

CO-RO HOLDING A/S, Frederikssund, Denmark	Deputy Chairman of the Board of Directors	Currently
Internet Intelligence House Nordic A/S, Copenhagen, Denmark	Chairman of the Board of Directors	Currently
Conscia Holding A/S, Brøndby, Denmark	Member of the Board of Directors	Previously
Collektive ApS, Copenhagen, Denmark	Chairman of the Advisory Board	Currently
Lumino.io, Copenhagen, Denmark	Chairman of the Advisory Board	Currently
RAKAAS ApS, Skodsborg, Denmark	Co-Owner / Member of the Executive Board	Currently
C. Holdco A/S, Copenhagen, Denmark	Chairman of the Board of Directors	Currently
AX IV CON II ApS, Brøndby, Denmark	Member of the Board of Directors	Previously
AX IV CON I ApS, Brøndby, Denmark	Member of the Board of Directors	Previously
Hypefactors A/S, Copenhagen, Denmark	Member of the Board of Directors	Previously
Vipp A/S, Copenhagen, Denmark	Member of the Board of Directors	Previously
CO-ROs Fond, Frederikssund, Denmark	Member of the Board of Directors	Previously
Brandhouse A/S, Copenhagen, Denmark	Chairman of the Board of Directors	Previously
Brandhouse Gruppen ApS, Copenhagen, Denmark	Chairman of the Board of Directors	Previously
Nakskov Mill Foods A/S, Nakshov, Denmark	Chairman of the Board of Directors	Previously
Crispy Food A/S, Slagelse, Denmark	Chairman of the Board of Directors	Previously
EASIS A/S, Åbyhøj, Denmark	Chairman of the Board of Directors	Previously
The Boston Consulting Group Nordic AB, Sweeden	Head of office	Previously
NSense Denmark A/S, Copenhagen, Denmark	Member of the Advisory Board	Previously
C.People ApS, Denmark	Chairman of the Board of Directors	Previously

Other than listed above, Jens Albert Harsaae has not been a member of any administrative, management or supervisory body of any other company or partnership outside Abacus Medicine within the last five years.

17.2.2.4 Ole Jensen

Ole Jensen was born in Grindsted, Billund. In 1991, Mr. Jensen finished a trainee stage as an accountant. In 2000, Mr. Jensen obtained a master's degree in Economics from Aarhus University (Cand. Oecon.). In 2011, he participated in the Executive Management Program in strategy, management and innovation at INSEAD business school. He began his career in 2000 as an analyst at TDC A/S. From 2003 until 2005, he worked in the market division of TDC Business, where he served as a controller and Project Manager and then as Head of Planning and Analysis. From 2005 to 2008, he was Head of Central Budget with a reporting function at LEGO A/S. Afterwards, he worked for Contrast A/S until 2011, where he was CFO and then CEO. During 2012 and 2013, he served as interim Project Manager at SE A/S (formerly Syd Energie), where he was part of the business development team dealing with the energy concept, partnerships, and acquisitions. In 2013 to 2018, he began to run his own business GENVAL Consulting focusing on project management, financial management and business development. From 2016 to 2018, he worked as an Investment Controlling Manager at KIRK KAPITAL A/S. Since September 2018, he serves as an associated partner in Business Broker A/S.

In 2014, Mr. Jensen joined Abacus Medicine as a member of the Board of Directors. Alongside his office as Board Member, Ole Jensen has been a member of the management or supervisory board of and/or a partner in the following companies and partnerships outside Abacus Medicine:

Company and Place of registered office	Responsibilities	Term
Artusbyg A/S, Vejle, Denmark	Chairman of the Board of Directors	Currently
OJ Management ApS, Vejle, Denmark	Chief Executive Officer (CEO)	Currently
GENVAL Consulting, Vejle, Denmark	Owner	Previously
Malmö Tidningstryck AB, Malmö, Sweden	Member of the Board	Previously
Rotationen Nykøbing F. A/S, Nykøbing F, Denmark	Member of the Board of Directors	Previously
HV Holding Sønderborg ApS, Sønderborg, Denmark	Member of the Executive Board	Previously
HV Holding Sønderborg 2 ApS, Sønderborg, Denmark	Member of the Executive Board	Previously

Other than listed above, Ole Jensen has not been a member of any administrative, management or supervisory body of any other company or partnership outside Abacus Medicine within the last five years.

17.2.2.5 Flemming Wagner (CEO and member of the Board of Directors)

Flemming Wagner was born in 1964 in Frederiksberg Kommune. He holds a MSc Biochemistry from Copenhagen University. In 2002, Mr. Wagner obtained a master degree (Executive MBA) from Copenhagen Business School (CBS). Mr. Wagner began his career as strategy advisor and examiner and passed a mentor leadership programme prior to his Executive MBA. In 1993, he joined RAMCON A/S, a company focused on analytical and diagnostic equipment for hospitals and pharmaceutical industries and assumed the function as CEO. In 2004, Mr. Wagner founded ABACUS MEDICINE A/S and is since then performing the function as CEO. In 2012, he was granted an alumni award as "MBA of the year" by the MBA Alumni Society at Copenhagen Business School for success with his business at Abacus Medicine.

Alongside his office as CEO and member of the Board of Directors, Flemming Wagner is a member of the management or supervisory body of and/or a partner in the following companies and partnerships outside Abacus Medicine:

Company and Place of registered office	Responsibilities	Term
Medcomb Holding ApS, Copenhagen, Denmark	Chief Executive Officer (CEO)	Currently
GDP Logistics s.r.o., Bratislava, Slovakia	Chief Executive Officer (CEO)	Currently
DayDose ApS, Copenhagen, Denmark	Chief Executive Officer (CEO)	Currently
Wagner Family Holding ApS, Copenhagen, Denmark	Chief Executive Officer (CEO)	Currently
FTW Holding ApS, Copenhagen, Denmark	Chief Executive Officer (CEO)	Currently

Flemming Wagner has not been a member of any administrative, management or supervisory body of any other company or partnership outside Abacus Medicine within the last five years.

17.2.3 Board Practices and Committees

Given the number of members of the Board of Directors, the Board has, as of the date of this Prospectus, not established any committees other than an audit committee as required by the Danish Act on approved Auditors and Audit Firms.

The Company's audit committee (the "**Audit Committee**") shall assist the Board of Directors with the oversight of the financial reporting process, the statutory audit of the Company's financial report, internal control and risk management systems, the Company's whistleblowing procedures and complaints, the supervision of the external auditor's independence and the procedure for the election of the external auditor.

In accordance with the Recommendations on Corporate Governance of the Danish Committee on Corporate Governance issued in November 2017 (the "**Danish Corporate Governance Recommendations**"), the Company has decided that the Chairman of the Board of Directors may not also be the chairman of the Audit Committee and the majority of the members of the Audit Committee meet the independence requirements set out in the Danish Corporate Governance Recommendations. In addition, at least one member shall have accounting or audit qualifications. No member of the Audit Committee shall be a member of the Executive Management.

The Audit Committee shall consist of no less than three members appointed by the Board of Directors, including the chairman of the Audit Committee. The Audit Committee currently consists of Jens Otto Damgaard as chairman, Troels Peter Troelsen and Ole Jensen. Members of the Executive Management, the Company's external auditor and any employee of the Company shall participate in meetings of the Audit Committee if so requested by the Audit Committee and the external auditor shall attend at least one meeting per year or the relevant part hereof where the Executive Management is not present.

17.2.4 Compensation

The compensation of the members of the Executive Management and the Board of Directors consists of a fixed component and a variable component. The fixed remuneration received by the Executive Management and Board of Directors for the fiscal year ended December 31, 2018, amounted to €457 thousand (2017: €389 thousand, 2016: €353 thousand).

In addition, the Executive Management and the Board of Directors are incentivised by a warrant program as well as a bonus scheme as a variable remuneration. Payments under the bonus scheme are subject to the extent to

which Abacus Medicine's actual EBT corresponds to the target EBT for the respective fiscal year. The variable remuneration received by the Executive Management and Board of Directors for the fiscal year ended December 31, 2018, amounted to €198 thousand (2017: €197 thousand, 2016: €242 thousand).

The member of the Executive Management is subject to a non-competition clause. The member of the Executive Management will not, in a period of 12 months after termination of employment, be entitled to commence any activities or be engaged in any activities which compete with the Company without the consent of the Board of Directors. The member of the Executive Management will be compensated monthly in relation to the non-competition clause with 50% of the monthly remuneration as it is per the date of resignation.

Further, the termination notice period applicable to the member of the Executive Management is 12 months for the Company and six months for the member of the Executive Management. In addition to the Company's termination notice, the member of the Executive Management is entitled to a severance payment of 12 months' remuneration excluding any bonus.

The remuneration of the Board of Directors for the financial year 2019 has already been resolved upon by the annual general meeting of the shareholders held on May 2, 2019. If the Company was listed in 2019, the remuneration structure of the Board of Directors would be based on an annual base fee of DKK 225,000 to each member of the Board of Directors. The Chairman of the Board of Directors was to receive DKK 500,000 equal to 2.22 times of the base fee and the Deputy Chairman were to receive DKK 300,000 equal to 1.33 times of the base fee for their extended duties, while members of the Audit Committee were to receive an annual committee member fee of DKK 50,000 equal to 22.22% of the base fee. The chairman of the Audit Committee would receive DKK 120,000 equal to 53.33% of the base fee. If the Company was not listed in 2019, the remuneration structure of the Board of Directors would be based on an annual base fee of DKK 200,000 to each member of the Board of Directors. The Chairman of the Board of Directors was to receive DKK 400,000 equal to 2 times the base fee and the Deputy Chairman were to receive DKK 250,000 equal to 1.25 times the base fee for their extended duties, while members of the Audit Committee were to continue to receive an annual committee fee of DKK 50,000 equal to 25% of the base fee. The chairman of the Audit Committee would continue to receive DKK 100,000 equal to 50% of the base fee.

No amounts are being set aside or accrued to provide pension, retirement or similar benefits.

17.3 Senior management

Because of its organisational structure, the Group does not have a senior management.

17.4 Incentive programmes

The Company's current incentive programmes comprise a short-term performance-based cash bonus programme and a long-term incentive warrant programme. The Company's current warrant programme is expected to continue after the Listing.

In accordance with Section 139 of the Danish Companies Act, the Company has adopted a remuneration policy, including overall guidelines on incentive pay, for the Board of Directors and Executive Management, which has been approved by the general meeting. The remuneration policy is available on the Company's website.

17.4.1 Short term incentive programme

The Executive Management, the Board of Directors and certain other employees are eligible to receive an annual cash bonus subject to certain pre-defined criteria. Bonuses payable to the Executive Management and the Board of Directors are subject to the Company's actual EBT (earnings before tax) reaching a certain predefined target for the respective fiscal year. The amount of the cash bonus is equivalent to a percentage of EBT exceeding the target.

17.4.2 Long term incentive warrant-programme

The Company introduced a warrant programme in 2016 with the purpose of aligning the interests of the participants and the shareholders. Warrants were issued in November 2016 ("**2016 Warrant Programme**") to certain key employees of the Company. Exercise of the warrants under the 2016 Warrant Programme may take place from June 1 until June 30, 2019 at an exercise price of €4.82 per share. Up to 50% of the shares that an employee holding warrants receives as a result of the exercise under the 2016 Warrant Programme will be subject to a lock-up obligation under which the employee in a period of up to 12 months from the first day of

trading of the Shares on the Frankfurt Stock Exchange may not transfer such portion of shares without the written consent from the Company. The Board of Directors contemplates, in accordance with the requirements in Section 214 of the Danish Companies Act, to offer the certain key employees holding warrants under the 2016 Warrant Programme to enter into a loan and purchase and transfer of shares agreement under which the Company will provide a loan to the employee holding warrants under the 2016 Warrant Programme corresponding to the amount to be paid by the employee holding warrants to the Company upon exercise of such warrants held by the employee. The loan will be settled and repaid no later than six months from the loan being paid to the employee.

In December 2017, the Company completed an additional warrant issue ("**2017 Warrant Programme**"). The 2017 Warrant Programme included certain key employees of the Company. Warrants issued under the 2017 Warrant Programme were granted partly in December 2017 and the remaining part of the warrants was granted in December 2018, conditional upon the warrant holder's continued employment with the Company. Exercise of the warrants issued under the 2017 Warrant Programme may take place from June 1 until June 30, 2020 at an exercise price of €4.92 per share.

In September 2018, the Company decided to introduce a new warrant programme ("**2018 Warrant Programme**"). Under the 2018 Warrant Programme warrants was issued to certain key employees and certain members of the Board of Directors. Warrants granted to key employees will, subject to continued employment, vest in three equal tranches in December 2018, July 2019 and February 2020. These warrants may be exercised during three periods each relating to each vesting period for the warrants granted. Exercise of warrants vested in tranche 1 may take place from December 1 to December 31, 2020 at an exercise price of €16.22 per share. Warrants vested in tranche 2 may be exercised from July 1 to July 31, 2021 and warrants vested in tranche 3 may be exercised from February 1 to February 28, 2022. The exercise price for warrants exercised in tranches 2 and 3 will be equivalent to the average market price of the Company's shares during the five trading days leading up to the first possible day of exercise for the relevant tranche with a discount of 25%. Different exercise prices for tranches 2 and 3 will apply if the Company is not listed at the beginning of the applicable exercise period.

Warrants under the 2018 Warrant Programme to members of the Board of Directors will vest on December 1, 2020 conditional upon the respective board member's continued affiliation with the Company at such time. Exercise of the warrants issued under the 2018 Warrant Programme to members of the Board of Directors may take place from December 1 until December 31, 2020 at an exercise price of €16.22 per share.

Exercise prices for all warrant programmes as described above may be adjusted under certain circumstances relating to changes to the share capital.

The Company may issue a total number of up to 426,366 warrants under the warrant programmes described above of which up to 381,058 have been or will be issued to certain key employees and 45,308 have been or will be issued to certain members of the Board of Directors.

The terms of the warrants issues are described further in the Company's articles of association.

In 2019, the Company contemplates to introduce a new share-based incentive programme for 2019 for certain key employees, which may consist of for example free shares, stock options, restricted share units, warrants and/or phantom shares ("**Potential 2019 Share-Based Incentive Programme**"). The Potential 2019 Share-Based Incentive Programme is expected to consist of up to 70,577 Shares and/or other share-based instruments. Any exercise price will be based on the average share price of the Company's shares over a period determined by the Board of Directors. The general terms and conditions of the Potential 2019 Share-Based Incentive Programme will be determined by the Board of Directors.

17.5 Additional information regarding the members of the Board of Directors

17.5.1 Shareholdings of the members of the Board of Directors

As of the date of this Prospectus, 79.02% of the shares and voting rights of ABACUS MEDICINE A/S is indirectly held by Flemming Wagner via, *inter alia*, Wagner Family Holding ApS which is indirectly majority owned and ultimately controlled by Flemming Wagner, member of the Board of Directors (Chief Executive Officer) of the Company. Flemming Wagner ultimately controls 91.63% of the shares and voting rights in ABACUS MEDICINE A/S through his holdings in FTW Holding ApS and Wagner Family Holding ApS. Flemming Wagner's indirect holdings of the shares and voting rights in ABACUS MEDICINE A/S are expected to increase to approximately 80.5% in connection with the winding-up of the estate of John Wagner, which will not change the percentage of shares and voting rights ultimately controlled by Flemming Wagner. 2.90% of the shares and voting rights of ABACUS MEDICINE A/S is held by Troels Peter Troelsen (directly and indirectly

via TT 1919 ApS which is ultimately controlled by Troels Peter Troelsen) who also assumes the function as Chairman of the Board of Directors of the Company.

Other than the shareholdings described above, there are no shareholdings of the members of the Board of Directors in the Issuer.

17.5.2 Statement on past records

In the last five years, no member of the Board of Directors has been convicted of fraudulent offences.

In the last five years, no member of the Board of Directors has been associated with any bankruptcy, receivership or liquidation acting in its capacity as a member of any administrative, management or supervisory body except as set out below:

Troels Peter Troelsen has participated in board activities for many successful companies over the years and is currently active in 11 companies. With the purpose of assisting with a possible turnaround or restructuring, Troels Peter Troelsen assumed the function as chief executive officer of the following companies and resigned such positions within a six month period leading up to the initiation of insolvency: Selskabet af 1.12.2013 S.M.B.A (insolvency proceedings initiated in January 2015), 2.12.2013 S.M.B.A (insolvency proceedings initiated in May 2015), Byggeselskabet I ApS and Byggeselskabet II ApS (insolvency proceedings initiated in May 2015). Further, Troels Peter Troelsen assumed the positions of chief executive officer or chairman of the board of directors of the following companies and resigned such positions within a six month period leading up to initiation of insolvency: Ejendomsselskabet af 7.6.2016 ApS (insolvency proceedings initiated in June 2016) and PCH Administration ApS (insolvency proceedings initiated in November 2016).

Ole Jensen assumed the function as a board member of Malmö Tidningstryck AB and the parent company (Rotationen Nykøbing F. A/S) when insolvency proceedings were initiated by Nordea Bank in September 2017 (against Malmö Tidningstryck AB) and in February 2018 (against Rotationen Nykøbing F. A/S). Further, Ole Jensen assumed the function as a board member and interim CEO of Høier & Vendelbo A/S when insolvency proceedings were initiated by Jyske Bank in 2014.

In the last five years, no official public incriminations and/or sanctions have been made by statutory or legal authorities (including designated professional bodies) against the members of the Board of Directors, nor have sanctions been imposed by the aforementioned authorities.

No court has ever disqualified any member of the Board of Directors from acting as a member of the administrative, management, or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer for at least the previous five years.

17.5.3 Statement on conflicts of interest

Apart from the above, there are no conflicts of interest or potential conflicts of interest between the members of the Board of Directors as regards the Issuer on the one side and their private interests, membership in governing bodies of companies, or other obligations on the other side.

No member of the Board of Directors has entered into a service agreement with a Group company that provides for benefits upon termination of employment or office besides Flemming Wagner who has a termination notice period of 12 months as well as an entitlement to a severance payment of 12 months' remuneration excluding any bonus in his capacity as CEO of the Company.

There are no family relationships between the members of the Board of Directors, either among themselves or in relation to the members of the other body.

17.6 Corporate governance

The Company is committed to exercising good corporate governance at all times and the Board of Directors will regularly assess rules, policies and practices according to the Danish Corporate Governance Recommendations. As a Danish company with shares admitted to trading and official listing on Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Company may choose to follow the corporate governance code of its country of residence and thus the Company has decided to comply with or explain deviations from the Danish Corporate Governance Recommendations as also required pursuant to Section 107b of the Danish Consolidated Financial Statements Act no. 1580 of December 10, 2015.

In connection with the Offering and with effect from the admission, the Board of Directors has prepared a statutory statement on corporate governance that reflects the compliance of the Company with each of the Danish Corporate Governance Recommendations. The Company intends to comply with the Danish Corporate Governance Recommendations in all material respects, however with the following exceptions:

- The CEO, who is also co-founder, is a member of the Board of Directors and manages the day-to-day operation of the Company. Should any other member of the Board of Directors, including the Chairman, perform special tasks for the Company, this will be approved by the Board of Directors.
- Given the size of the Board of Directors, neither a separate nomination committee nor a separate remuneration committee has been established and the tasks of such committees will be handled by the entire Board of Directors.
- The Company has set up an Audit Committee and has chosen to elect an external member to the Audit Committee together with two members of the Board of Directors.
- Given that the CEO is also a member of the Board of Directors, the cooperation between the Board of Directors and the Executive Management is evaluated through an ongoing dialogue and not in a formalised manner with results presented to the Board of Directors.
- Members of the Board of Directors have received warrants and the remuneration policy provides the opportunity of granting share-based remuneration to the Board of Directors.
- The duration of the share-based incentive programmes is approximately two years and six months and the programmes are considered a combination between short- and long-term incentives as the vesting period is shorter than the recommended three years.

The Company's corporate governance practices are also accounted for in the statutory statement on corporate governance, which will be available on the Company's website.

18. SHAREHOLDER STRUCTURE

18.1 Current shareholders and future shareholder structure

The investors listed in the table below directly or indirectly hold a share of 5% or more of the Company's voting rights (the "**Major Shareholders**", and together with the Company's other current shareholders the "**Existing Shareholders**") or directly or indirectly hold other financial instruments whose terms and conditions allow their holder or a third party to acquire already issued Shares with voting rights. The information shown is based on the Issuer's best knowledge.

The table also sets forth their direct and indirect shareholding immediately prior to the Offering and their expected shareholding after the completion of the Offering.

	Interest of current shareholders					
	immediately prior to the Offering		**immediately following the implementation of the Offering**			
			without full exercise of Greenshoe Option		with full exercise of Greenshoe Option	
	(in Shares)	(in %)	(in Shares)	(in %)	(in Shares)	(in %)
Wagner Family Holding ApS [1]	6,826,659	91.63	6,274,996	56.86	5,629,066	51.01
Other Existing Shareholders [2]	623,341	8.37	455,008	4.12	455,008	4.12
Free float	–	–	4,306,203	39.02	4,952,133	44.87
**Total ..... **	**7,450,000**	**100.00**	**11,036,207**	**100.00**	**11,036,207**	**100.00**

[1] Wagner Family Holding ApS is majority owned and ultimately controlled via FTW Holding ApS by Flemming Wagner, member of the Board of Directors (Chief Executive Officer) of the Company.

[2] Including the Selling Shareholders Lars Jenster, Visicata ApS and L. Conradsen Holding ApS, none of which (in the case of Lars Jenster and Visicata ApS (which is solely owned and controlled by Lars Jenster) on a combined basis) holds a share of 5% or more of the Company's voting rights.

It is unknown to the Company, whether major shareholders or members of the Board of Directors intend to subscribe for Shares in the Offering or whether any person intends to subscribe for more than 5% of the Offering.

18.2 Controlling interest

Wagner Family Holding ApS currently directly controls 91.63% of the voting rights in the Issuer. Therefore, Wagner Family Holding ApS, and ultimately its indirectly controlling shareholder Flemming Wagner, are considered to hold a controlling interest in the Issuer pursuant to the Danish Capital Markets Act (Part 8) and the Danish Executive Order on Takeover Bids.

Based on the offer structure contemplated in this Prospectus, Wagner Family Holding ApS, immediately upon completion of the Offering, would continue to hold more than 50.0% of the voting rights in the Issuer. Therefore, upon completion of the Offering, Wagner Family Holding ApS, and ultimately its indirectly controlling shareholder Flemming Wagner, are considered to hold a controlling interest in the Issuer pursuant to the Danish Capital Markets Act (Part 8) and the Danish Executive Order on Takeover Bids.

No arrangements are known to the Company the operation of which may at a subsequent date result in a change in control of the Company.

As a result of the settlement structure, including the Share Loan, Wagner Family Holding ApS' direct and indirect shareholding in the Company will for a limited period of time fall below 1/3 of the total number of voting rights in the Company. When the Underwriter returns a number of shares equal to the Share Loan Shares, Wagner Family Holding ApS' direct and indirect shareholding in the Company will increase to more than 1/3 of the total number of voting rights in the Company and thereby in principle be subject to the obligation to submit a mandatory take over offer pursuant the Danish Capital Markets Act and the Executive Order no. 1171 of October 31, 2017 to all other shareholders in the Company. Wagner Family Holding ApS has applied for an exemption from the obligation to publish a mandatory takeover offer which has been granted by the Danish FSA.

18.3 Cost-sharing Agreement

On May 22, 2019, the Issuer and the Selling Shareholders entered into a cost-sharing agreement according (the "**Cost Sharing Agreement**") according to which the Selling Shareholders upon completion of the Offering will reimburse the Issuer for all costs incurred in connection with the preparation of the Offering on a *pro rata* basis. The *pro rata* share is calculated according to the ratio of the number of Secondary Shares (including, if and to the extent the Greenshoe Option is exercised, the number of Over-Allotment Shares) placed in the Offering to the aggregate number of Share Loan Shares placed in the Offering.

The costs to be reimbursed on such basis include, in particular, legal, auditor and other advisor fees, Underwriter's commissions (excluding fees, costs and expenses charged by the Underwriter in connection with the Selling Shareholders' selling of Secondary Shares, which will be borne by the Selling Shareholders, or the Issuer's issuing of New Shares, which will be borne by the Issuer) and costs of the Offering. Costs and expenses which are directly deducted by the Underwriter from the proceeds of the Offering shall not be subject to the reimbursement. However, if and to the extent such costs and expenses are deducted from the proceeds of the Offering pursuant to an allocation that deviates from the allocation described above, such deviations shall be neutralized by reimbursement from the respective Selling Shareholder to the Company, or vice versa.

19. TRANSACTIONS AND LEGAL RELATIONSHIPS WITH RELATED PARTIES

In accordance with IAS 24, transactions with persons or companies that are, *inter alia*, members of the same group as the Issuer or that are in control of or controlled by the Issuer must be disclosed unless they are already included as consolidated companies in the Issuer's audited consolidated financial statements. Control exists if a shareholder owns more than one half of the voting rights in the Issuer or, by virtue of an agreement, has the power to control the financial and operating policies of the Issuer's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on the Issuer's financial and operating policies, including close family members and intermediate entities. This includes the members of the Board of Directors and close members of their families, as well as those entities over which the members of the Board of Directors or their close family members are able to exercise a significant influence or in which they hold a significant share of the voting rights.

Set forth below is a summary of such transactions with related parties for the fiscal years ended December 31, 2016, 2017 and 2018 and up to and including the date of this Prospectus. Further information, including quantitative amounts, of related party transactions are contained in the notes to the Issuer's audited consolidated financial statement as of and for the fiscal year ended December 31, 2018 and the audited consolidated financial statement as of and for the fiscal year ended December 31, 2017 including comparative figures as of and for the fiscal year ended December 31, 2016 and 2015 which are included in the section "*25. Financial Information*" of this Prospectus on page F-2 et seq. Business relationships between companies of the Issuer's Group are not included.

19.1 Relationships and transactions with related parties

Persons and entities that control the Group or that are controlled or subject to significant influence by the Group are regarded as related parties. Apart from Wagner Family Holding ApS, no other shareholder has a controlling interest in the Issuer. Related parties with significant influence of Abacus Medicine A/S include the parent company Wagner Family Holding ApS, the Board of Directors and the Executive Management of the Company and their close family members. Related parties also include companies in which the persons have control or significant interests.

The following table shows the transactions with related parties outside of the Group during the periods indicated:

	January 1 – March 31	**January 1 – December 31**			**As of January 1**
	2019	**2018**	**2017**	**2016**	**2016**
	(in T€)	(in T€)			(in T€)
	(reviewed)	(audited)			(audited)
Sale of goods to other related parties	–	–	568	11,593	–
Purchase from other related parties	–	–	547	313	–
Interest income from other related parties	20	18	127	120	–
Sale of DayDose activities including IP rights to other related parties	–	1,070	–	–	–
Reimbursement of expenses in DayDose ApS	–	223	–	–	–
Acquisition of IP rights from other related parties	–	–	1,097	–	–
Acquisition of shares in subsidiaries from other related parties	–		755	38	–
Sale of IP rights from other related parties	–	–	–	–	–
Receivables from other related parties	–	–		2,298	1,741
Receivables from Parent Company	861	829	–	–	61
Payables to other related parties	163	161	962	–	–
Payables to the Parent Company	–	–	175	809	–
Dividends to Parent Company	–	–	4,751	2,638	–

Apart from the relationships stated below, the Issuer did not have any other significant business relationships with related parties.

19.1.1 Acquisition of several entities related to Aposave

On December 21, 2017, Abacus Medicine established Aposave ApS and entered into a share purchase agreement with Medcomb Holding ApS "**Medcomb Holding**" – a company whose ultimate majority shareholder Flemming Wagner is identical to Abacus Medicine's ultimate shareholder – for the acquisition of 100% of the shares and voting rights of Aposave Ltd. (United Kingdom), Aposave Asia Ltd. (Hong Kong) and Aposave USA Inc. (USA) (formerly Troelsen & Price Inc.), Aposave Ltd. (United Kingdom), Aposave Asia Ltd. (Hong Kong) and Aposave USA Inc. (USA) hereinafter referred to as "**Aposave Entities**" at a purchase price of approximately €0.8 million which has been paid by way of a debt note issued by Abacus Medicine to the sellers. The Aposave Entities supply original manufacturers for clinical trials and sell Unlicensed Medicine products outside the EU, with a focus in regions where these medicines are either not licenced or in short supply.

19.1.2 Acquisition of Originalis

On December 31, 2016, ABACUS MEDICINE A/S entered into a share purchase agreement with Medcomb Holding for the acquisition of 100% of the shares of Originalis B.V. ("**Originalis**") for a purchase price of €38 thousand. Originalis supplies parallel-distributed products across Europe, and mainly purchases the products from Abacus Medicine and sells them mainly on the Dutch and markets in the United Kingdom. Together with Abacus Medicine, Originalis will apply for and have ownership of the licences which are needed for Originalis to be authorised to re-pack market and sell products. There have been no significant transaction costs in connection with the acquisition of Originalis.

19.1.3 Purchase and subsequent sale and transfer of rights related to DayDose (DayDose Activities)

On December 21, 2017, Abacus Medicine and Medcomb Holding entered into an asset purchase agreement regarding the acquisition, assignment and transfer of intellectual property rights including patents, designs, trademarks, domains and copyrights with respect to DayDose as well as all documentation, production knowledge and know-how related to the Product including specifications, registrations, licences and certifications relating to DayDose. The purchase price amounted to approximately €1.1 million (approximately DKK 8 million). The purchase price was paid by Abacus Medicine by set-off in a claim against Medcomb Holding and by way of a debt note carrying an interest of 5% and five years' maturity.

On October 11, 2018, Abacus Medicine and DayDose ApS ("**DayDose**"), a company wholly-owned by Wagner Family Holding ApS, entered into an agreement for the sale of the DayDose Activities to DayDose ApS with retroactive effect as of September 1, 2018 (the "**DayDose Agreement**"). Abacus Medicine's Management decided to divest the DayDose Activities because it no longer considered the DayDose Activities to be a part of Abacus Medicine's core business going forward. The net sales price obtained for the sale of DayDose Activities amounted to approximately DKK 8.0 million or approximately €1.1 million (which corresponds to the book value as per August 31, 2018) and was paid by way of a debt note which carries an interest at 5% and the note has to be paid by DayDose in full including accrued interest on December 31, 2019. The DayDose Agreement provides for a 50% share in the profit for the benefit of Abacus Medicine if DayDose sells the DayDose Activities with a profit within two years from September 1, 2018. Through its subsidiary in Hungary, Abacus Medicine produce the product for DayDose on arms length terms and conditions, and the equipment for production remains with this subsidiary.

19.1.4 Consultancy agreement with Greystone Capital Partners

On May 2, 2019, Anders Kunze Bønding has been appointed as deputy chairman and board member of the Company. Anders Kunze Bønding is a partner of Greystone Capital Partners A/S which acts as a financial advisor providing advice to Abacus Medicine in the context of the Company's IPO under a service agreement on an hourly basis.

19.2 Relationship with members of the Board of Directors

The Group's related parties with significant influence includes the Company's Board of Directors and executives in the Issuer, including these employees' family members, and entities in which these executives have a significant influence and the shareholders of ABACUS MEDICINE A/S.

The members of the Board of Directors only received remuneration relating to their function as persons in key positions. For more details see "*17.2.4. Compensation*".

20. UNDERWRITING

20.1 General

On May 22, 2019 the Issuer, the Selling Shareholders and the Underwriter entered into an Underwriting Agreement relating to the offer and sale of the Offer Shares in connection with the Offering.

Under the terms of the Underwriting Agreement and subject to certain conditions and only after execution of the pricing agreement, Berenberg will be obliged to acquire such number of Offer Shares as will be specified in the pricing agreement, but in any event only up to the maximum number of Offer Shares set forth below opposite the Underwriter's name:.

	Maximum of Offer Shares to be underwritten [1]	
	(in Shares)	(in %)
Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany	4,952,133	100.00
Total	**4,952,133**	**100.00**

[1] Assuming placement of all Offer Shares.

Berenberg is acting as Sole Global Coordinator and Sole Bookrunner.

In connection with the Offering, the Underwriter and any of its affiliates may take up a portion of the Offer Shares in the Offering as a principal position and in that capacity may retain, purchase or sell for its own account such securities and any Offer Shares or related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to the Underwriter or any of its affiliates acting in such capacity. In addition, the Underwriter or its affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Underwriter (or its affiliates) may from time to time acquire, hold or dispose of Offer Shares. The Underwriter does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

20.2 Underwriting Agreement

In the Underwriting Agreement, the Underwriter, subject to certain conditions, including the execution of the pricing agreement, agreed to underwrite and purchase a number of New Shares equal to the number of Share Loan Shares placed with investors in the Offering, the Secondary Shares and the Over-Allotment Shares with a view to offer the Offer Shares to investors in this Offering. For the purpose of a prompt settlement, the Underwriter will be provided with up to 3,586,207 existing Shares (the "**Share Loan Shares**") from the holdings of Wagner Family Holding ApS (the "**Lending Shareholder**") (the "**Share Loan**"). To the extent the Share Loan Shares will be placed in the Offering, the Underwriter agreed with the Lending Shareholder and the Company to return the Share Loan by way of delivery by the Underwriter to the Lending Shareholder of a corresponding number of New Shares to be issued through the IPO Capital Increase and to subscribed for by the Underwriter at the Offer Price per New Share.

Subject to the terms and conditions of the Underwriting Agreement, the Underwriter agreed to remit to the Issuer the Offer Price for the New Shares (less agreed commissions and expenses) at the time the New Shares areincluded in the existing quotation of the Shares which is expected on or about June 6, 2019. The Underwriter, subject to the terms and conditions of the Underwriting Agreement, further agreed to remit the purchase price (less agreed upon commissions and expenses) of the placed Secondary Shares to the Selling Shareholders on or about June 6, 2019.

For the purpose of a potential Over-Allotment, the Stabilisation Manager will be provided with up to 645,930 existing Shares from the holdings of the Greenshoe Shareholder in the form of a securities loan. The total number of Over-Allotment Shares will not exceed 15% of the final number of New Shares and Secondary Shares placed in the Offering. The Greenshoe Shareholder granted the Underwriter an option to acquire a number of Shares equal to the number of Over-Allotment Shares at the Offer Price less agreed commissions. The Underwriter, subject to the terms and conditions of the Underwriting Agreement, agreed to remit the purchase price (less agreed upon commissions and expenses) of the Shares from the exercise of the Greenshoe Option, if any, to the Greenshoe Shareholder on the second business day following the exercise of the Greenshoe Option. The Greenshoe Option will terminate on June 30, 2019.

The obligations of the Underwriter are subject to various conditions, including, among other things, (i) the agreement of the Underwriter, the Issuer, and the Selling Shareholders on the Offer Price and the final volume of Offer Shares to be purchased by the Underwriter, (ii) the absence of a material event, *e.g.*, a reasonably likely material adverse change in or affecting the condition, business, prospects, management, consolidated financial position, shareholders' equity, or results of operations of the Group, or a suspension or material limitation in trading in securities of the Issuer or in securities generally on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the London Stock Exchange or the New York Stock Exchange, (iii) receipt of customary certificates, legal opinions and auditor letters, and (iv) the introduction of the Shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The Underwriter has provided and may in the future provide services to the Issuer in the ordinary course of business and may extend credit to, and have regular business dealings with the Issuer in its capacity as financial institution. For a more detailed description of the interests of the Underwriter in the Offering, see "*3.12. Interests of parties participating in the Offering*".

20.3 Commission

The Underwriter will offer the Offer Shares at the Offer Price. In return, the Underwriter will receive a fixed underwriting commission calculated as a percentage of the gross proceeds from the Offering (the "**Base Fee**"). In addition, the Company and the Selling Shareholders, respectively, may in their sole discretion decide to pay the Underwriter a discretionary fee, which is also calculated as a percentage of the gross proceeds from the Offering (the "**Discretionary Fee**").

The Company will bear any fees in connection with the sale of the Share Loan Shares and the issuance of the New Shares, while the Selling Shareholders will bear any fees in connection with the sale of the Secondary Shares. Assuming a placement of all Share Loan Shares and Secondary Shares, full exercise of the Greenshoe Option and payment of the Discretionary Fee in full, the Company estimates that at the mid-point of the Price Range, the Underwriter would receive commissions in an amount of approximately €4.0 million in connection with the Offering.

The Underwriter will withhold the respective Base Fee from the proceeds from the issuance of the New Shares and from the sale of the Secondary Shares and the Greenshoe Shares, respectively. The Company and the Selling Shareholders, respectively, will decide whether to grant the respective Discretionary Fees, if any, within five banking days after the expiry of the Greenshoe Option. The Company and the Selling Shareholders also agreed to reimburse the Underwriter for certain expenses incurred in connection with the Offering.

20.4 Greenshoe Option and securities loan

To cover potential Over-Allotments, the Greenshoe Shareholder will make available up to 645,930 ordinary shares with no–par value free of charge in the form of a securities loan to the Underwriter. In addition, the Greenshoe Shareholder granted the Underwriter the option to acquire up to an equal number of Shares against payment of the Offer Price (Greenshoe Option) in order to satisfy the retransfer obligation under the securities loan. The Greenshoe Option may be exercised at maximum to the extent that Shares have been placed by way of Over-Allotments. The Greenshoe Option shall be exercisable by the Underwriter within 30 calendar days after commencement of the stock exchange trading of the Shares.

20.5 Termination and indemnification

The Underwriting Agreement provides that the Underwriter may, under certain circumstances, terminate the Underwriting Agreement, including after the Offer Shares have been allotted and listed, up to delivery and settlement. Grounds for termination include, in particular, if any of the following has occurred:

- the Company or the Group has sustained since the date of the latest audited financial statements included in this Prospectus a loss or interference with respect to its business from fire, explosion, flood or other calamity (whether or not covered by insurance), or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in this Prospectus, which is materially adverse for the Group as a whole;
- since March 31, 2019 (i) there has been any material change or development reasonably likely to result in a material change to the share capital of the Company; (ii) there has been any material change or development reasonably likely to result in a material change in the long-term debt of the Group; (iii) there has been any material adverse change, or any development involving a prospective material adverse change, in or affecting the condition, business, prospects, management, consolidated financial position, shareholders'

equity or results of operations of the Group or such as would prevent the Company from performing any of its material obligations hereunder; or (iv) the Group has incurred any material liability or obligation, direct or contingent, or entered into any material transaction not in the ordinary course of business, otherwise in each of case (i), (ii), (iii) and (iv) than as set forth or contemplated in this Prospectus;

- a suspension (other than for technical reasons) or material limitation in trading in securities generally on the Frankfurt Stock Exchange or the London Stock Exchange;
- a general moratorium on banking activities in Frankfurt am Main or London declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Germany, Denmark or the United Kingdom; and
- a change or development involving a prospective change in Danish or German taxation affecting the Company, the Shares or the transfer thereof or the imposition of exchange controls by Germany, Denmark or the United Kingdom.

In case of a termination prior to settlement of the Offer Shares, any allotments of Offer Shares to investors which were not yet settled will be invalidated, and investors will have no claim for delivery. Claims with respect to subscription fees already paid and costs incurred by an investor in connection with the subscription will be governed solely by the legal relationship between the investor and the financial intermediary to which the investor submitted its purchase order. Investors who engage in short-selling bear the risk of being unable to satisfy their delivery obligations. In case of a termination following the settlement of the Offer Shares, the IPO Capital Increase may not be implemented and the Company may not receive the respective issue proceeds and, therefore, not be able to implement its business strategy and the intended business growth.

The Issuer and the Selling Shareholders have agreed in the Underwriting Agreement to indemnify the Underwriter against certain liabilities that may arise in connection with the Offering, including liabilities under applicable securities laws.

20.6 Selling restrictions

The distribution of this Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Issuer, the Selling Shareholders or the Underwriter to permit a public offering of the Offers Shares anywhere other than Germany or the possession or distribution of this document in any other jurisdiction, where action for that purpose may be required.

Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction other than Germany except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required to inform themselves about and observe any such restrictions, including those set out in the preceding paragraphs. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Offer Shares have not been and will not be registered pursuant to the provisions of the Securities Act or with the securities regulators of the individual states of the United States. The Offer Shares may be offered or sold only in offshore transactions in compliance with Regulation S under the Securities Act.

Sales in the United Kingdom are also subject to restrictions. In the United Kingdom, this Prospectus is only addressed to and directed to Qualified Investors (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (ii) who are high net worth entities falling within Article 49(2)(a) through (d) of the Order, or (iii) other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). The securities described herein are only available in the United Kingdom to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such securities in the United Kingdom will be engaged in only with, Relevant Persons. Any person in the United Kingdom who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

In relation to each member state of the EEA which has implemented Directive 2003/71/EC as amended (the "**Prospectus Directive**") from the date of the implementation of the Prospectus Directive (each a "**Relevant Member State**") no offer to the public of any Offer Shares which are the subject of this Offering have been and will be made in that Relevant Member State, other than the offers contemplated in this Prospectus in Germany (once the Prospectus has been approved by the Danish FSA, notified to BaFin) and published in accordance with the Prospectus Directive as implemented in Denmark and Germany, except that it may make an offer to the public in that Relevant Member State of any Offer Shares at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

1. to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

2. to any legal entity which has two or more of (i) an average of at least 250 employees during the last fiscal year; (ii) a total balance sheet of more than €43.000.000 and (iii) an annual net turnover of more than €50.000.000, as shown in its last annual or consolidated accounts;

3. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Underwriter for any such offer; or

4. in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purposes of this Prospectus, the expression an "offer to the public" in relation to any Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Each person in a Relevant Member State other than, in the case of paragraph 2 persons receiving offers to the public contemplated in the German and Danish public offerings, who receive any communication in respect of, or who acquires any Shares which are the subject of the Offering contemplated by this Prospectus will be deemed to have represented, warranted and agreed to and with each Underwriter that:

1. it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1) lit. (e) of the Prospectus Directive; and

2. in the case of any Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Shares acquired by it in the Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than to "qualified investors" as defined in the Prospectus Directive, or in circumstances in which the prior consent of the Underwriter has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons.

20.7 Other interests of the Underwriter in the Offering

The Underwriter acts for the Issuer and the Selling Shareholders on the Offering and coordinate the structuring and execution of the Offering. Upon successful implementation of the Offering, the Underwriter will receive a commission. As a result of these contractual relationships, the Underwriter has a financial interest in the success of the Offering.

Furthermore, in connection with the Offering, the Underwriter and any of its affiliates, acting as an investor for their own account, may acquire Shares in the Offering and in that capacity may retain, purchase or sell for its own account such Shares or related investments and may offer or sell such Shares or other investments otherwise than in connection with the Offering. In addition, the Underwriter or its affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which the Underwriter (or its affiliates) may from time to time acquire, hold or dispose of Shares.

The Underwriter or its affiliates have, and may from time to time in the future continue to have, business relations with the Group or may perform services for the Group in the ordinary course of business for which they have received or may receive customary fees and commissions.

21. TAXATION IN DENMARK

The following is a summary of certain Danish income tax considerations relating to an investment in the Shares.

The summary is for general information only and does not purport to constitute exhaustive tax or legal advice. It is specifically noted that the summary does not address all possible tax consequences relating to an investment in the Shares. The summary is based solely upon the tax laws of Denmark in effect on the date of this Prospectus. Danish tax laws may be subject to change, possibly with retroactive effect.

The summary does not cover investors to whom special tax rules apply and, therefore, may not be relevant, for example, to investors subject to the Danish Pension Investment Return Tax Act (i.e., pension savings), professional investors, certain institutional investors, insurance companies, pension companies, banks, stockbrokers and investors with tax liability on return on pension investments. The summary does not cover taxation of individuals and companies who carry on a business of purchasing and selling shares. The summary only sets out the tax position of the direct owners of the Shares and further assumes that the direct investors are the beneficial owners of the Shares and any dividends thereon. Sales are assumed to be sales to a third party.

Potential investors in the Shares are advised to consult their tax advisers regarding the applicable tax consequences of acquiring, holding and disposing of the Shares based on their particular circumstances. Investors who may be affected by the tax laws of other jurisdictions should consult their tax advisers with respect to the tax consequences applicable to their particular circumstances; as such consequences may differ significantly from those described herein.

21.1 Taxation of Danish tax resident shareholders

21.1.1 Sales of shares – individuals

Gains from the sale of shares are taxed as share income at a rate of 27% on the first DKK 54,000 in 2019 (for cohabiting spouses, a total of DKK 108,000) and at a rate of 42% on share income exceeding DKK 54,000 (for cohabiting spouses over DKK 108,000). Such amounts are subject to annual adjustments and include all share income (*i.e.*, all capital gains and dividends derived by the individual or cohabiting spouses, respectively).

Gains and losses on the sale of shares admitted to trading on a regulated market are calculated as the difference between the purchase price and the sales price. The purchase price is generally determined using the so-called average method which means that each share is considered acquired at a price equivalent to the average acquisition price of all the shareholder's shares in the issuing company.

Losses on the sale of shares admitted to trading on a regulated market can only be offset against other share income deriving from shares admitted to trading on a regulated market (*i.e.*, received dividends and capital gains on the sale of shares admitted to trading on a regulated market). Unused losses will be offset against a cohabiting spouse's share income deriving from shares admitted to trading on a regulated market. Any remaining losses after the above deduction can be carried forward indefinitely and offset against future share income deriving from shares admitted to trading on a regulated market.

Losses on shares admitted to trading on a regulated market may only be set off against gains and dividends on other shares admitted to trading on a regulated market as outlined above if the Danish tax authorities have received certain information concerning the ownership of the shares before expiry of the tax return filing deadline for the income year in which the shares were acquired. This information is normally provided to the Danish tax authorities when the shares are held in custodian by a Danish bank.

Investors subject to Danish taxation are recommended to seek separate advice as reporting obligations to the Danish tax authorities may differ from those applicable in respect of shares held on a Danish deposit account.

21.1.2 Sale of shares – companies

Tax on the sale of shares by companies is subject to different regimes depending on whether the shares are considered as Subsidiary Shares, Group Shares, Tax-Exempt Portfolio Shares or Taxable Portfolio Shares defined as follows:

"**Subsidiary Shares**" are generally defined as shares owned by a company shareholder holding at least 10% of the nominal share capital of the issuing company.

"**Group Shares**" are generally defined as shares in a company in which the company shareholder of the company and the issuing company are subject to Danish joint taxation or fulfil the requirements for international joint taxation under Danish law.

"**Tax-Exempt Portfolio Shares**" are generally defined as shares not admitted to trading on a regulated market owned by a company shareholder holding less than 10% of the nominal share capital in the issuing company. Tax-Exempt Portfolio Shares are not relevant in respect of this Offering and will not be described in further detail.

"**Taxable Portfolio Shares**" are shares that do not qualify as Subsidiary Shares, Group Shares or Tax-Exempt Portfolio Shares.

Gains or losses on disposals of Subsidiary Shares, Group Shares and Tax-Exempt Portfolio Shares are not included in the taxable income of the company shareholder.

Special rules apply with respect to Subsidiary Shares and Group Shares in order to prevent avoidance of the 10% ownership requirement through pooling of shareholdings in a holding company just as other anti-avoidance rules may apply. These rules will not be described in further detail.

Capital gains from the sale of Taxable Portfolio Shares are taxable at the corporate income tax rate of 22% (2019). Losses on such shares are generally deductible. Gains and losses on Taxable Portfolio Shares are, as a general rule, calculated in accordance with the mark-to-market principle. According to the mark-to-market principle, each year's taxable gain or loss is calculated as the difference between the market value of the shares at the beginning and end of the tax year. Thus, taxation will take place on an accrual basis even if no shares have been disposed of and no gains or losses have been realised. If the Taxable Portfolio Shares are sold or otherwise disposed of before the end of the income year, the taxable income of that income year equals the difference between the value of the Taxable Portfolio Shares at the beginning of the income year and the value of the Taxable Portfolio Shares at realisation. If the Taxable Portfolio Shares have been acquired and realised in the same income year, the taxable income equals the difference between the acquisition sum and the realisation sum. If the Taxable Portfolio Shares are acquired in the income year and not realised in the same income year, the taxable income equals the difference between the acquisition sum and the value of the Shares at the end of the income year.

A change of status from Subsidiary Shares/Group Shares/Tax-Exempt Portfolio Shares to Taxable Portfolio Shares (or vice versa) is for tax purposes deemed to be a disposal of the shares and a reacquisition of the shares at market value at the time of change of status.

Investors subject to Danish taxation are recommended to seek separate advice as reporting obligations to the Danish tax authorities may differ from those applicable in respect of shares held on a Danish deposit account.

21.1.3 Dividends – individuals

Dividends received by individuals who are tax residents of Denmark are taxed as share income. Share income is taxed at a rate of 27% on the first DKK 54,000 in 2019 (for cohabiting spouses, a total of DKK 108,000) and at a rate of 42% on share income exceeding DKK 54,000 (for cohabiting spouses over DKK 108,000). Such amounts are subject to annual adjustments and include all share income (*i.e.*, all capital gains and dividends derived by the individual or cohabiting spouses, respectively).

Dividends paid to individuals are generally subject to 27% withholding tax which will be withheld by the Company in connection with payment of dividends.

21.1.4 Dividends – companies

Dividends received on Taxable Portfolio Shares are subject to the standard corporate tax rate of 22% irrespective of ownership period.

The withholding tax rate is 22%. If the Company withholds a higher amount, the shareholder can claim a refund of the excess tax. A claim for repayment must be filed within two months; otherwise the excess tax will instead be credited in the corporate income tax for the year.

Dividends received on Subsidiary Shares and Group Shares will not be subject to taxation irrespective of ownership period. The dividends will, however, be subject to certain anti-avoidance rules that will not be described in further detail.

21.2 Taxation of shareholders residing outside Denmark

21.2.1 Sales of shares – individuals and companies

Shareholders not resident in Denmark will normally not be subject to Danish taxation on any gains realised on the sale of shares, irrespective of the ownership period. Where a non-resident of Denmark holds Taxable Portfolio Shares which can be attributed to a permanent establishment in Denmark, such gains are taxable pursuant to the rules applicable to Danish tax residents as described above.

21.2.2 Dividends – individuals

The Danish government intends to introduce a new model regarding taxation of dividends whereby dividends at the time of distribution will be taxed at a final tax rate based on each shareholder's specific circumstances. Hence, information about the shareholders must be disclosed prior to the distribution in order for the dividend-paying companies to calculate and withhold the correct amount of tax for each shareholder. The new model is intended to eliminate fraud and make it easier for the tax authorities to verify that no withholding tax is wrongfully refunded.

No bill for the new model has yet been presented, and it has not yet been announced when the new model will be implemented. Thus, it cannot be ruled out that the rules below will be changed in the near future.

Under Danish law, dividends paid in respect of shares are generally subject to Danish withholding tax at a rate of 27%. A request for a refund of Danish withholding tax can, however, be made by the shareholder in the following situations:

21.2.2.1 Double Taxation Treaty

In the event that the dividend receiving individual is a resident of a state having a double taxation treaty with Denmark, the shareholder may claim a refund of the tax amount exceeding the treaty rate from the Danish tax authorities, through certain application procedures. Denmark has executed double taxation treaties with approximately 75 countries, including the United States and almost all members of the EU. The double taxation treaties generally provide for a 15% withholding tax rate. The refund is sought electronically and an online claim form is to be used.

The application for a refund and the documentation requirements follow from the website of the Danish tax authorities.

21.2.2.2 Credit under Danish tax law

In addition, if the shareholder holds less than 10% of the nominal share capital of the company and the shareholder is a tax resident in a state which has a double taxation treaty or an international agreement, convention or other administrative agreement on assistance in tax matters according to which the competent authority in the state of the shareholder is obliged to exchange information with Denmark, dividends are subject to tax at a reduced rate of 15%. If the shareholder is a tax resident outside the EU, it is an additional requirement for eligibility for the 15% tax rate that the shareholder together with related shareholders holds less than 10% of the nominal share capital of the company. Note that the reduced tax rate does not affect the withholding rate. Thus, the shareholder must also in this situation claim a refund as described above in order to benefit from the reduced rate.

Where a non-resident of Denmark holds shares which can be attributed to a permanent establishment in Denmark, dividends are taxable pursuant to the rules applicable to Danish tax residents described above. See "Taxation of Danish tax resident shareholders".

21.2.3 Dividends – companies

The Danish government intends to introduce a new model regarding taxation of dividends whereby dividends at the time of distribution will be taxed at a final tax rate based on each shareholder's specific circumstances. Hence, information about the shareholders must be disclosed prior to the distribution in order for the dividend-paying companies to calculate and withhold the correct amount of tax for each shareholder. The new model is intended to eliminate fraud and make it easier for the tax authorities to verify that no withholding tax is wrongfully refunded.

No bill for the new model has yet been presented, and it has not yet been announced when the new model will be implemented. Thus, it cannot be ruled out that the rules below will be changed in the near future.

Dividends received on Subsidiary Shares are exempt from Danish withholding tax provided the taxation of the dividends is to be waived or reduced in accordance with the Parent Subsidiary Directive (2011/96/EU as amended by 2015/121/EU) or in accordance with a tax treaty with the jurisdiction in which the company investor is resident.

Dividends from Group Shares are exempt from Danish withholding tax provided the company investor is a resident of the EU or the EEA and the taxation of dividends should have been waived or reduced in accordance with the Parent Subsidiary Directive (2011/96/EU as amended by 2015/121/EU) or in accordance with a tax treaty with the country in which the company investor is resident had the shares been Subsidiary Shares.

Dividend payments on Taxable Portfolio Shares (and Subsidiary Shares and Group Shares, if not tax-exempt) will be subject to tax at the rate of 22%. However, the applicable withholding rate on such dividends is 27% irrespective of ownership period, meaning that any foreign corporate shareholder can request a refund of at least 5%.

The aforesaid tax exemption for dividends on Subsidiary Shares and Group Shares is subject to Danish anti-avoidance rules.

A request for a refund of Danish withholding tax can be made by the shareholder in the following situations:

21.2.3.1 All foreign corporate shareholders

Subject to applicable anti-avoidance rules, all foreign corporate shareholders can claim a refund from the Danish tax authorities of the withholding tax amount exceeding 22%.

21.2.3.2 Double Taxation Treaty

In the event that the dividend receiving company is a resident of a state with which Denmark has entered into a double taxation treaty, the shareholder may claim a refund from the Danish tax authorities of the tax amount exceeding the treaty rate, through certain certification procedures. Denmark has executed double taxation treaties with approximately 75 countries, including the United States and almost all members of the EU. The double taxation treaties generally provide for a 15% withholding tax rate. The refund is sought electronically and an online claim form is to be used.

The application for the refund and the documentation requirements follow from the website of the Danish tax authorities.

21.2.3.3 Credit under Danish tax law

In addition, if the shareholder holds less than 10% of the nominal share capital of the company and the shareholder is a tax resident in a jurisdiction which has a double taxation treaty or an international agreement, convention or other administrative agreement on assistance in tax matters according to which the competent authority in the state of the shareholder is obliged to exchange information with Denmark, dividends are generally subject to tax at a reduced rate of 15%. If the shareholder is a tax resident outside the EU, it is an additional requirement for eligibility for the 15% tax rate that the shareholder together with related shareholders holds less than 10% of the nominal share capital of the company. Note that the reduced tax rate does not affect the withholding rate. Thus, the shareholder must also in this situation claim a refund as described above in order to benefit from the reduced rate.

Where a non-resident of Denmark holds shares which can be attributed to a permanent establishment in Denmark, dividends are taxable pursuant to the rules applicable to Danish tax residents described above, see "Taxation of Danish tax resident shareholders".

21.3 Share transfer tax and stamp duties

No Danish share transfer tax or stamp duties are payable on transfer of the shares.

21.4 Withholding tax obligations

A Danish issuer of shares is subject to Danish withholding tax obligations in accordance with applicable Danish laws.

22. TAXATION IN GERMANY

The following information is basic in nature and represents a general description of the principles of taxation in the Federal Republic of Germany which may be relevant when acquiring, holding and selling shares under German law as of the date of this Prospectus. The following information does not purport to be a complete description of all potential tax considerations which might be important when making an investment decision. It may not include certain tax considerations which arise from rules of general application or are assumed to be generally known by the shareholders. This summary is based on the laws in force in Germany on the date of this Prospectus and is subject to changes in law, court decisions, changes of the administrative practice or other changes that may be made after such date. The following information is not intended to be and should not be regarded as legal or tax advice. Prospective shareholders should consult their tax and legal advisors as to the particular legal consequences which may arise from their personal situation and the laws applicable to them.

22.1 Income tax

22.1.1 Capital gains tax

The Company does not assume any responsibility for deducting withholding tax (*Kapitalertragsteuer*). Withholding tax on dividends of stock corporations where shares are kept in collective safe custody in Germany within the meaning of Section 5 of the German Safe Custody Act (*Depotgesetz* – DepotG) or in individual safe custody according to Section 2 DepotG, will be deducted by the (domestic) credit institution or financial services institution, including the German branch or branch office of a foreign undertaking within the meaning of Sections 53 and 53b of the German Banking Act (*Kreditwesengesetz*), the domestic securities trading firm or the domestic securities trading bank (the "Domestic Depositary Bank") paying out or crediting the dividends. The withholding tax will be withheld by the securities clearing and deposit bank (*Wertpapiersammelbank*) to the extent that such bank has been entrusted with the collective safe custody of the shares and pays the capital gains to a foreign agent, or by the debtor of the capital gains, to the extent that the securities clearing and deposit bank that has been entrusted with the collective safe custody of the shares does not perform a settlement of dividends (*Dividendenregulierung*).

For Shareholders who are subject to church tax and hold their Shares as private assets, church tax on capital gains, which are subject to flat income tax, is withheld automatically. This means that the members of a tax-charging religious community do not have to take any further steps in order to comply with their church tax obligations in connection with flat income tax. In preparation of the automatic deduction of church tax on flat income tax, all bodies obliged to withhold tax from capital gains will inquire the Shareholders' religious affiliation from the Federal Central Tax Office (*Bundeszentralamt für Steuern*, BZSt) once a year. On the basis of the information provided to the withholding bodies by the Federal Central Tax Office, the church tax attributable to the flat income tax is then withheld and paid to the tax office. If the Shareholder for whom the withholding body inquires information from the Federal Central Tax Office is not a member of a tax-charging religious community or if the Shareholder by way of a blocking notice (*Sperrvermerk*) has filed an objection to automated data retrieval, the Federal Central Tax Office will report a neutral "zero value" to the inquirer. In consequence of a zero value, a Shareholder being a member of a religious community is obliged – as also in case of an insufficient withholding of capital gains tax – to report the capital gains that are subject to church tax subsequently within the scope of his income tax return.

22.1.2 Withholding tax on capital gains

If the shares are kept in safe custody, managed or sold by a Domestic Depositary Bank, the Domestic Depositary Bank is required to withhold the withholding tax on the gains from the disposal of shares sales at the above-mentioned rates.

If the capital gains tax is not withheld by the Domestic Depositary Bank, for example because the shares are kept in safe custody in the securities account of a foreign bank, the shareholder is required to include the capital gains in the annual income tax return. The income tax on the capital gains will then be determined in the assessment procedure at the flat tax rate described below.

If the shares have been kept in safe custody or managed by the same domestic depositary bank since their acquisition, the withholding tax will be calculated on the basis of the difference between the selling price less the selling costs which are directly and materially related to the sales transaction and the acquisition price for the shares. Under certain conditions, earlier payments made from the tax deposit account may result in reduced acquisition costs for the shares held as private assets and thus increase the taxable capital gains. If the Domestic

Depositary Bank has been changed after the acquisition of the shares and if evidence of the acquisition costs has not been given or is not permissible, the basis of assessment for the capital gains tax deduction will be 30% of the capital gains of the shares.

The lump-sum saver's allowance in the amount of €801 (€1,602 for married couples filing jointly and civil unions) will be taken into account within the scope of withholding the capital gains tax, if the shareholder gave an exemption order to the Domestic Depositary Bank.

Please refer to the above explanation of church tax in the withholding process.

22.2 Taxation of shareholders domiciled in Germany and holding their shares as private assets

22.2.1 Taxation of dividends

In the case of individuals who are fully liable to taxation in Germany (usually persons having their domicile or habitual abode in Germany) and hold their shares as private assets, the dividends are taxed as capital income. Dividends are generally subject to a special rate with a fixed income tax rate of 25% plus solidarity surcharge of 5.5% thereon (26.375% in total (plus church tax at the above-mentioned rates, if any), the so called flat income tax regime (*Abgeltungsteuer*)).

Expenses incurred in connection with the dividends cannot be claimed as tax deductible expenses for tax purposes; only a lump-sum saver's allowance in the amount of €801 (€1,602 in case of married couples or partners in a civil unions filing jointly) may be deducted. In case of dividends, the income tax is satisfied by way of withholding the withholding tax from the dividends. Capital investment income may, however, be included in the shareholder's tax return, for example in order to utilise unused amounts of the lump-sum saver's allowance. In such a case, the income included in the assessment will be taxable with a flat income tax rate of 25% (plus solidarity surcharge and church tax, if any, thereon). In addition, the taxpayer may request that its dividends be taxed at the standard progressive income tax rate (plus solidarity surcharge and church tax, if any) if this results in a lower tax burden (*Günstigerprüfung*). Also in this case, the gross amounts of all income from capital investments less the lump-sum saver's allowance in the amount of €801 (€1,602 in the case of married couples or partners in a civil union filing jointly) will be taken into account for the taxation and the deduction of the actual expenses incurred is excluded. In this case, the withholding tax withheld will be credited against the income tax levied in the assessment procedure or refunded, in case of a surplus amount. The respective shareholder will be required to provide certain documentary evidence.

Upon election of the respective shareholder, the flat tax regime does not apply, if the shareholder directly or indirectly holds a participation of 25% or more in the share capital of the Company or holds a participation of at least one per cent and has a significant entrepreneurial influence on the business activities of the Company due to a professional involvement with the Company in the tax assessment period in which the request is made. Upon such election, the dividends in an amount of 60% of the gross dividend are subject to the progressive income tax rate of up to 45% plus solidarity surcharge of 5.5% and church tax, if any, thereon (so-called partial income taxation – *Teileinkünfteverfahren*). Accordingly, expenses in connection with the dividends, such as expenses for debt financing of the participation, may be deducted in an amount of 60%. The deduction of the lump-sum saver's allowance is not available in this case. The election remains valid for the year it is made for and the next four years unless it is repealed by the shareholder. If it is repealed it is not available for the respective investment in future periods.

Special provisions apply to dividend payments made from the capital contribution account for tax purposes (*steuerliches Einlagenkonto*).

22.2.2 Taxation of capital gains from the disposal of the shares

Gains from the sale of shares by an individual who is fully liable to taxation in Germany and holds the shares as private assets, are also generally subject to the flat income tax at a rate of 25% plus solidarity surcharge of 5.5% thereon (26.375% in total plus church tax at the above-mentioned rates, if any) applicable to capital income (*Einkünfte aus Kapitalvermögen*).

Sales costs, if any, reduce the amount of taxable gains. Losses from the sale of the shares may only be set-off against gains from the sale of shares, but not against other income from capital assets, such as dividends, or income from other sources of income. Losses of the current year which have not been set-off may be carried forward to future years, where they can be set-off against gains from shares.

If capital gains have been subject to withholding tax, the shareholder may, upon request, include them in the assessment procedure, in order to use a loss carry forwards for example. The income tax will then be assessed with the rate applicable to the flat tax regime plus solidarity surcharge and church tax (if applicable).

In addition, the shareholder may request to be taxed at the respective progressive income tax rate (*Günstigerprüfung*), if this results in a lower tax burden (see the explanations given under "*22.3.1. Taxation of dividends*"). Also in this case, the gross amounts minus the lump-sum saver's allowance in the amount of €801 (€1,602 in the case of married couples or partners in a civil union filing jointly) will be taken into account to determine the tax and a deduction of the actual expenses is not available. Withholding tax previously withheld will be credited against the collective income tax or refunded in case of a surplus amount, if any, in the assessment procedure subject to documentary evidence being provided.

If a shareholder being a private individual and owning at least 1% of the share capital within a period of five years prior to the disposal (or the predecessor in case shares being acquired free of charge) the flat tax regime does not apply. In such case 60% of the capital gains are subject to taxation at an individual, progressive income tax rate plus solidarity surcharge (partial income taxation). Accordingly, only 60% of the expenses commercially related to the sale may be deducted. If a loss is incurred from the disposal of the shares further restrictions may apply. In this case, also the capital gains from the sale of a subscription right will be subject to the partial income taxation.

Withholding tax which has been deducted is credited against the income tax liability. Therefore, the shareholder is obliged to state such capital gains in the annual income tax return.

22.3 Taxation of shareholders domiciled in Germany and holding their shares as business assets

22.3.1 Taxation of dividends

In case of shares which are attributable to the business assets of a shareholder, the capital gains tax to be withheld according to the above principles has no discharging effect. In such cases, the withholding tax including the solidarity surcharge (and church tax, if any) withheld will instead be credited against the income tax or corporate income tax liability (including the solidarity surcharge and church tax, if any) of the shareholder or refunded in case of surplus amounts.

Apart from this, the taxation depends on whether the shareholder is a corporate body, an individual (sole trader) or a partnership (co-entrepreneurship).

22.3.1.1 Corporation

If the shareholder is a corporate body domiciled in Germany for tax purposes, the dividend is generally exempt from the corporate income tax and the solidarity surcharge, if it held a direct participation of at least 10% in the share capital at the beginning of the calendar year. 5% of the dividends are considered as non-deductible expenses and are therefore subject to the corporate income tax plus solidarity surcharge thereon. Expenses actually incurred which are directly related to the dividends may generally be deducted in their full amount, subject to other limitations of deduction. If it held a direct participation of less than 10% in the share capital at the beginning of the calendar year, the dividend will be fully subject to the corporate income tax.

The dividends are also exempt from trade tax after deduction of the expenses commercially related to them, if the corporate body held a participation of at least 15% in the Company's share capital at the beginning of the relevant tax assessment period (trade tax participation exemption – *gewerbesteuerliches Schachtelprivileg*). In this case, the 95% tax exemption granted for corporate income tax purposes will usually also apply mutatis mutandis to the trade tax. If it held a participation of less than 15% in the share capital at the beginning of the calendar year, the dividend is fully subject to trade tax.

22.3.1.2 Sole trader

If the shareholder is a sole trader (individual) domiciled in Germany for tax purposes and holding the shares as business assets, only 60% of dividend payments are subject to income tax plus solidarity surcharge (partial income taxation). In accordance therewith, only 60% of the operating expenses economically related to such dividend income are – subject to other deduction restrictions, if any, tax-deductible. In addition thereto, the dividends are fully subject to trade tax unless the shareholder held a participation of at least 15% in the Company's share capital at the beginning of the relevant tax assessment period (trade tax participation exemption). In the latter case, there is no trade tax payable on the dividends at all. Operating expenses related

therewith result in a decrease of the amount of reduction and are therefore generally not deductible for trade tax purposes. Subject to the municipal trade tax rate and personal tax situation, any trade tax which is payable may, in general, be deducted in whole or in part from the shareholder's income tax by way of a lump sum imputation procedure (*pauschaliertes Verfahren*).

22.3.1.3 Partnership

If the shareholder is a commercial partnership (*gewerblich tätige Personengesellschaft*) or deemed to be a commercial partnership (*gewerblich geprägte Personengesellschaft*) (co-entrepreneurship – *Mitunternehmerschaft*), income tax or corporate income tax is levied at the level of each partner rather than at partnership level. In this case, the taxation of the individual shareholder depends on whether the shareholder is a corporate body or an individual. If the shareholder is a corporate body, dividends are, in general, 95% tax-exempt (see above). When calculating the 10% threshold, participations held by way of a co-entrepreneurship are attributable to the co-entrepreneurs on a *pro rata* basis. If the shareholder is an individual, 60% of the dividend income is subject to income tax plus solidarity surcharge (see above).

In the event that the shares are attributable to a domestic permanent establishment of a partnership's commercial business, dividends are, after deduction of the ensues economically related to them, fully subject to trade tax unless the partnership held at least a 15% participation in the Company's share capital at the beginning of the relevant tax assessment period (trade tax participation exemption – *gewerbesteuerliches Schachtelprivileg*). In the latter case, dividends are not subject to trade tax if and to the extent individuals participate in the partnership. If corporate bodies participate in the partnership, however, in general, 5% of the dividends qualify as non-deductible operating expenses and, as such, are subject to trade tax on partnership level. In case of private individuals who are shareholders, trade tax paid by the partnership and attributable to their interest is generally – in consideration of the municipal collection rate and personal tax situation – credited against their individual income tax liability in whole or in part in accordance with a lump sum imputation procedure.

22.3.1.4 Special provisions

Special provisions, which are described below, apply to credit institutions, financial services institutions, financial undertakings, life and health insurance companies and pension funds.

Moreover, there are special provisions regarding dividend payments made from the Company's tax deposit account.

With respect to church tax payers, the principles set forth above ("*22.2. Taxation of shareholders domiciled in Germany and holding their shares as private assets*") apply correspondingly, whereas it is to be considered that, in case of shares held for business purposes, the deduction of capital gains tax in general has no discharging effect and church tax is determined correspondingly on the basis of the generally applicable tax rate.

22.3.2 Taxation of capital gains

In case of a sale of shares held as business assets, the taxation of capital gains, if any, depends on whether the shareholder is a corporate body, an individual (sole trader) or a partnership:

22.3.2.1 Corporation

In case of corporate bodies domiciled in Germany, capital gains are generally exempt from corporate income tax, solidarity surcharge and trade tax. 5% of such gains, however, are generally regarded as non-deductible operating expenses and are therefore subject to corporate income tax plus solidarity surcharge thereon and trade tax. Operating expenses actually incurred in connection with the sale of shares, however, may be deducted in full when determining the taxable profit. Any depreciation in value of the shares or losses from sale is irrelevant for tax purposes. In this context, "capital gains" means the amount by which the selling price less selling costs exceeds the book value of the sold shares.

22.3.2.2 Sole trader

If shares are held by sole traders, 60% of capital gains from a sale of shares are subject to income tax plus solidarity surcharge thereon. In this case, the individual progressive income tax rate applies. In accordance therewith, operating expenses economically related to the gains from sales as well as depreciations in value of the shares and losses from sale are only deductible to 60% (partial income taxation). If the shares are attributable to a domestic permanent establishment of a shareholder's commercial business, 60% of capital gains from sales are subject to trade tax; losses from sale reduce the trade tax assessment basis by 60%. Trade tax may generally

be deducted (in full or in part) from a shareholder's personal income tax by way of a lump sum imputation procedure.

22.3.2.3 Partnership

If a shareholder is a commercial partnership or deemed to be a commercial partnership (co-entrepreneurship) income or corporate income tax is levied on the level of the respective partner rather than on the level of the partnership. Taxation depends on whether the respective shareholder is a corporate body or an individual. If the shareholder is a corporate body, 95% of the capital gains, as described above, are generally exempt from corporate income tax and solidarity surcharge on the level of the shareholder. If the shareholder is an individual, 60% of the capital gains are generally subject to income tax plus solidarity surcharge. In accordance therewith, only 60% of the operating expenses economically related to such gains from sales are tax-deductible.

In addition thereto, capital gains are subject to trade tax in an amount of 60% on the level of the partnership to the extent there is a participation of individuals and in an amount of 5% to the extent there is a participation of corporate bodies. According to the principles above, losses from sale and other profit reductions related to the sold shares are not, or only to a limited extent, tax-deductible. If the shareholder is an individual, the trade tax paid by the commercial partnership may generally on a *pro rata* basis be credited against the shareholder's personal income tax in whole or in part by way of a lump sum imputation procedure taking into account the municipal collection rate and the shareholder's personal tax situation.

22.3.2.4 Capital gains tax and special provisions

Gains from the sale of shares are generally not subject to capital gains tax if the shares are sold by a (domestic) corporate body which is fully liable to tax, whereas, however, certain types of corporate bodies are required to prove their status beforehand by presentation of a corresponding certification of the tax office. In addition thereto, capital gains from the sale of shares are not subject to capital gains tax if they pertain to the operating sales of a German business and if the domestic depositary bank received a confirmation to this effect on an official form.

To the extent that the withholding tax was withheld by a Domestic Depositary Bank, this does not settle the income tax liability: The withholding tax, which was withheld and paid (including solidarity surcharge and church tax, if any), will be credited against the income or corporate income tax liability or refunded in case of a surplus amount, if any.

Special provisions, which are described below, apply to credit institutions, financial services institutions, financial undertakings, life and health insurance companies and pension funds.

With respect to church tax, the information provided under "*22.3.1. Taxation of dividends*" above applies mutatis mutandis.

22.4 Special provisions on taxation of special shareholders (credit institutions, financial services institutions, financial undertakings as well as life and health insurance companies and pension funds)

To the extent that credit institutions and financial services institutions hold or sell shares attributable to the trading book portfolio according to Art. 4 sub-section 1 no. 85, 86 of the Capital Requirements Regulation, the 40% exemption from the income tax (commonly referred to as partial income taxation) or the 95% exemption from the corporate income tax, and possibly the trade tax with corresponding exemption from the solidarity surcharge apply neither to dividends nor to capital gains, meaning that dividend income and capital gains shall be fully taxable. The same applies to shares which have been acquired by financial undertakings within the meaning of the German Banking Act for the purpose of achieving a short-term proprietary trading profit. The same is true for credit institutions, financial services institutions and financial undertakings domiciled in another member state of the European Union or in another member state party to the European Economic Area treaty. The above principles also apply to life and health insurance companies whose shares are attributable to the capital investments. The same principles apply to pension funds.

However, dividends are exempt from trade tax, in the cases described above, if the shareholder held a participation of at least 15% in the Company's share capital at the beginning of the relevant tax assessment period. This exemption does not apply to life and health insurance companies with regard to shares which are attributable to the capital investments; the exemption does not apply to pension funds either. Certain exceptions may also be made for corporate bodies domiciled outside Germany in another member state of the EU, if the

Parent Subsidiary Directive (2011/96/EU as of November 30, 2011 as amended from time to time) is applicable to them.

Corporate income tax incurred at a fund level may be refunded to a company for forwarding to an investor if the investor is a German corporation (*Körperschaft*), association of persons or estate which, according to the articles of association, the foundation business or other by-laws and according to the actual management, exclusively and directly serves non-profit, charitable or ecclesiastical purposes or a foundation under public law which exclusively and directly serves non-profit or charitable purposes or a legal person under public law which exclusively and directly serves ecclesiastical purposes; this does not apply if the shares are held in a commercial business. The same applies to comparable foreign investors with their registered office and management in a foreign state providing administrative and collection assistance.

As a prerequisite, the investor must submit a corresponding application and any corporation tax incurred is proportionately attributable to his holding period. Furthermore, the investor must have been the civil-law and beneficial owner of the Shares for a minimum period of three months prior to the accrual of the income of the Company which is subject to corporate income tax, without any obligation to transfer the Shares to another person. As regards corporate income tax on German dividends and income from German equity-like participation rights (*eigenkapitalähnliche Genussrechte*) which accrues at a fund level, the Company as beneficial owner must have held German shares and German equity-like participation rights for an uninterrupted period of 45 days prior to and after the due date of the investment income and minimum risks of a change in value (*Mindestwertänderungsrisiken*) of 70% must have prevailed during this 45-day period without interruptions.

The application must be submitted together with evidence of the tax exemption status and an investment share deposit statement issued by the custodian. The investment share deposit statement is a certificate drawn up in accordance with the official form which indicates the number of shares held by the investor during a calendar year without any interruption and the time and number of shares which are purchased and sold during a calendar year.

22.5 Gift and inheritance tax

Such part of an enrichment obtained by acquisition of shares due to death or gift *intervivos*, which exceeds the respective allowances, is generally subject to German inheritance or gift tax, provided that the decedent at the time of death, the donor when making the gift or the acquirer when the tax is incurred has its domicile, usual residence, management or registered office in Germany. Exemptions apply to certain German citizens living outside of Germany and former German citizens.

Should a DTT with respect to gift and inheritance tax be in effect in the individual case, however, German taxation provisions may be restricted thereby.

22.6 Other taxes

In principle, no other taxes, such as capital transfer tax, VAT or similar taxes, are payable in Germany in connection with a purchase, disposal or other form of transfer of shares. At present, wealth tax (*Vermögensteuer*) is not imposed in Germany either.

23. RECENT DEVELOPMENTS AND OUTLOOK

23.1 Recent developments

Between March 31, 2019 and the date of this Prospectus, operational business has developed at the expected level, and revenue and Adjusted EBITDA have been in line with management's expectations. The management estimates that revenue for the remaining part of 2019 will develop in line with the performance of the Company in the three-month period ended March 31, 2019, whereas Adjusted EBITDA is expected to be at a slightly lower level in the fourth quarter as compared to the three-month period ended March 31, 2019.

As per December 31, 2018 and as per March 31, 2019, the solvency covenant under the Multi-Option Facility Agreement was breached as the Company did not generate the anticipated proceeds from its initial intend to conduct a public offering in October 2018. However, waivers have been granted by Danske Bank A/S and by way of an addendum to the Multi-Option Facility Agreement dated May 9, 2019, the solvency ratio under the Multi-Option Facility Agreement dated October 10, 2018 has been reduced to a lower level until June 30, 2020, a level at which the Company would not have been in breach with the respective covenant as of the respective dates mentioned above.

There have been no significant changes in the Company's financial and commercial position since March 31, 2019 until the date of this Prospectus. No other significant changes in the Group's financial or commercial position have occurred since March 31, 2019.

23.2 Outlook

The Company currently expects revenue growth compared to the fiscal year ended December 31, 2018 to be in the range of 20% to 35% for the fiscal year ending December 31, 2019 or revenue between €400.0 and €445.0 million.

The Company expects Gross Profit for the fiscal year ending December 31, 2019 to be in the range of 12.0% to 12.5% of revenue, and expects Operating Profit before depreciation, amortization and special items (Adjusted EBITDA) to be in the range of 4.1% to 4.6% of revenue and special items to amount to approximately €0.6 million.

The Profit Forecast included in the previous paragraph is based on assumptions by the management of the Company that are described in section "*10. Profit Forecast*" of this Prospectus. These assumptions relate to factors over which the Company has no or only limited control. Even if these assumptions were reasonable at the time of preparing the Profit Forecast, they may in whole or in part prove to be inappropriate or incorrect in the future. Should one or more of these assumptions prove to be inappropriate or incorrect, the Company's actual results could materially deviate from the Profit Forecast made by the Company.

It is the expectation of the Management that the growth prospects for the Company will stay at a high level also throughout 2019 and beyond, driven by increasing focus on the need to reduce health expenditure costs across Europe and supported by the strategic initiatives of the Company, including the expected progress in the business areas of Unlicensed Medicine and Clinical Trial Services.

24. DEFINITIONS

The numbers provided refer to the page(s) on which the respective term is defined.

25. FINANCIAL INFORMATION

Consolidated condensed interim financial statements of ABACUS MEDICINE A/S as of and for the three-month period ended March 31, 2019 including comparative figures as of and for the three-month period ended March 31, 2018 (IAS 34)

Statement by Executive Management and Board of Directors on the consolidated condensed interim financial statements as of and for the three-month period ended March 31, 2019

The Executive Management and the Board of Directors have reviewed and approved the consolidated condensed interim financial statements of Abacus Medicine A/S for the period January 1 – March 31, 2019 and the comparative figures for the period January 1 – March 31, 2018.

The consolidated condensed interim financial statements, which have been reviewed by the Company's auditor, have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU.

In our opinion, the consolidated condensed interim financial statements give a true and fair view of the Group's assets, liabilities and financial position at March 31, 2019 and the comparative figures at March 31, 2018, and of the results of the Group's operations and cash flow for the period January 1 – March 31, 2019, and the comparative figures for the period January 1 – March 31, 2018.

Copenhagen, May 16, 2019

ABACUS MEDICINE A/S

Executive Management

Flemming Wagner

(CEO)

Board of Directors

Troels Peter Troelsen

(Chairman)

Anders Kunze Bønding

(Deputy Chairman)

Jens Albert Harsaae

(Deputy Chairman)

Ole Jensen

(Board Member)

Flemming Wagner

(Board Member)

Independent auditors' review report

To the shareholders of Abacus Medicine A/S

We have reviewed the consolidated condensed interim financial statements of Abacus Medicine A/S for the period 1 January – 31 March 2019, which comprise a condensed income statement, balance sheet, statement of changes in equity, cash flow statement and notes. The consolidated condensed interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU.

Management's responsibilities for the consolidated condensed interim financial statements

Management is responsible for the preparation of consolidated condensed interim financial statements in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU and for such internal control as Management determines is necessary to enable the preparation of consolidated condensed interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the consolidated condensed interim financial statements. We conducted our review in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity and additional requirements applicable in Denmark.

This requires us to conclude whether anything has come to our attention that causes us to believe that the consolidated condensed interim financial statements, taken as a whole, are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU. This standard also requires us to comply with ethical requirements.

A review of the consolidated condensed interim financial statements in accordance with the International Standard on Review of Interim Financial Information Performed by the Independent Auditor of the Entity is a limited assurance engagement. The auditor performs procedures primarily consisting of making enquiries of Management and others within the company, as appropriate, applying analytical procedures and evaluate the evidence obtained.

The procedures performed in a review are substantially less that those performed in an audit conducted in accordance with the International Standards on Auditing. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these consolidated condensed interim financial statements are not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting, as adopted by the EU.

Copenhagen, 16 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Gath	Ole Becker
State Authorised	State Authorised
Public Accountant	Public Accountant
mne19718	mne33732

Consolidated condensed interim financial statements 1 January - 31 March 2019

Income statement

Note	EUR'000	Q1 2019	Q1 2018*	FY 2018*
3	Revenue	90.412	71.829	332.347
	Cost of sales	-79.199	-63.429	-291.544
	Gross profit	**11.213**	**8.400**	**40.803**
	Other external costs	-2.407	-1.720	-8.189
	Staff costs	-5.728	-4.299	-18.969
	Operating profit before depreciations, amortisation and special items (adjusted EBITDA)	**3.078**	**2.381**	**13.645**
1	Special items	-	-	-1.065
	Operating profit before depreciations and amortisation (EBITDA)	**3.078**	**2.381**	**12.580**
1	Depreciation and amortisation	-1.168	-669	-2.712
	Operating profit (EBIT)	**1.910**	**1.712**	**9.868**
	Finance income	20	2	108
	Finance expenses	-462	-561	-2.626
	Profit before tax	**1.468**	**1.153**	**7.350**
	Tax	-398	-314	-1.991
	Profit for the period	**1.070**	**839**	**5.359**
	Earnings per share, EUR	0,1	0,1	0,7
	Diluted earnings per share, EUR	0,1	0,1	0,7

** Not restated with the impact of IFRS 16 Leases*

Consolidated condensed interim financial statements 1 January - 31 March 2019

Statement of other comprehensive income

Note	EUR'000	Q1 2019	Q1 2018*	FY 2018*
	Profit for the period	**1.070**	**839**	**5.359**
	Other comprehensive income			
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
	Cash flow hedges – effective portion of changes in fair value	601	49	-757
	Exchange differences on translation of foreign operations	-21	-63	-60
	Income tax effect	-132	-11	167
		448	-25	-650
	Other comprehensive income for the period, net of tax	448	-25	-650
	Total other comprehensive income	**1.518**	**814**	**4.709**

** Not restated with the impact of IFRS 16 Leases*

Consolidated condensed interim financial statements 1 January - 31 March 2019

Balance sheet

Note	EUR'000	Q1 2019	Q1 2018*	FY 2018*
	ASSETS			
	Non-current assets			
	Intangible assets	14.712	10.098	13.890
	Property, plant and equipment	3.362	2.194	2.970
1	Right-of-use assets	3.077	-	-
4	Other receivables	1.005	185	344
	Deferred tax asset	78	-	78
	Total non-current assets	**22.234**	**12.477**	**17.282**
	Current assets			
	Inventory	51.342	36.619	59.587
4	Trade and other receivables	31.257	15.950	19.021
	Cash	2.935	2.750	1.346
	Total current assets	**85.534**	**55.319**	**79.954**
	TOTAL ASSETS	**107.768**	**67.796**	**97.236**
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	373	373	373
	Other reserves Retained	-219	-42	-667
	earnings	15.788	10.161	14.693
	Total equity	**15.942**	**10.492**	**14.399**
	Non-current liabilities			
	Deferred tax liabilities	2.203	1.250	1.892
1	Lease obligations Other	1.982	-	-
	payables	-	6.342	-
	Total non-current liabilities	**4.185**	**7.592**	**1.892**
	Current liabilities			
	Provisions	2.407	1.948	2.159
5	Borrowings	13.689	24.595	21.270
1	Lease obligations	1.107	-	-
	Trade payables	18.867	12.167	11.442
	Income tax payable	1.041	1.334	897
5	Other payables	50.530	9.668	45.177
	Total current liabilities	**87.641**	**49.712**	**80.945**
	Total liabilities	**91.826**	**57.304**	**82.837**
	TOTAL EQUITY AND LIABILITIES	**107.768**	**67.796**	**97.236**

** Not restated with the impact of IFRS 16 Leases*

Consolidated condensed interim financial statements 1 January - 31 March 2019

Cash flow statement

Note	EUR'000	Q1 2019	Q1 2018*	FY 2018*
	Operating activities			
	Profit before tax	1.468	1.153	7.350
	Adjustments to reconcile profit before tax to net cash flows:			
1	Depreciation and amortisation	1.168	669	2.712
	Finance income	-20	-2	-108
1	Finance expenses	462	561	2.626
	Working capital adjustments:			
	Non-cash items, net	-67	78	1.633
	Changes in working capital	9.562	463	2.427
	Interest received	20	2	108
1	Interest paid	-399	-423	-2.120
	Income tax paid	-76	-95	-1.446
	Net cash flows from operating activities	**12.118**	**2.406**	**13.182**
	Investing activities			
	Purchase of intangible assets	-1.381	-318	-6.513
	Purchase of property, plant and equipment	-572	-921	-2.426
	Change in deposit	-11	-5	-164
	Disposals, non-current assets	-	-	67
	Net cash flows used in investing activities	**-1.964**	**-1.244**	**-9.036**
	Financing activities			
4	Proceeds from borrowings (credit facility)	-7.619	24.595	21.270
	Interests paid on lease liabilities	-25	-	-
	Repayment of lease liabilities	-271	-	-
	Deposits regarding bank agreement	-	-	-1.063
	Issued loan to third party	-650	-	-
1	**Net cash flows from financing activities**	**-8.565**	**24.595**	**20.207**
	Cash flow for the period	**1.589**	**25.757**	**24.353**
	Cash at beginning of period	1.346	-23.007	-23.007
	Cash at 31 March / 31 December	**2.935**	**2.750**	**1.346**

** Not restated with the impact of IFRS 16 Leases*

Consolidated condensed interim financial statements 1 January - 31 March 2019

Statement of changes in equity

EUR'000

	Share capital	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total
Equity 1 January 2019	**373**	**-617**	**-50**	**14.693**	**14.399**
Total comprehensive income 2019					
Profit for the period	**-**	**-**	**-**	1.070	**1.070**
Other comprehensive income					
Cash flow hedges – effective portion of changes in fair value	-	601	-	-	601
Exchange differences on translation of foreign operations	-	-	-21	-	-21
Tax on other comprehensive income	-	-132	-	-	-132
Total other comprehensive income	**-**	**469**	**-21**	**-**	**448**
Total comprehensive income for the period	**-**	**469**	**-21**	**1.070**	**1.518**
Transactions with owners					
Equity-settled share-based payments	-	-	-	25	25
Total transactions with owners	**-**	**-**	**-**	**25**	**25**
Equity 31 March 2019	**373**	**-148**	**-71**	**15.788**	**15.942**
Equity 1 January 2018	**373**	**-27**	**10**	**9.315**	**9.671**
Total comprehensive income 2018					
Profit for the period	**-**	**-**	**-**	**839**	**839**
Other comprehensive income					
Cash flow hedges – effective portion of changes in fair value	-	49	-	-	49
Exchange differences on translation of foreign operations	-	-	-63	-	-63
Tax on other comprehensive income	-	-11	-	-	-11
Total other comprehensive income	**-**	**38**	**-63**	**-**	**-25**
Total comprehensive income for the period	**-**	**38**	**-63**	**839**	**814**
Transactions with owners					
Equity-settled share-based payments	-	-	-	7	7
Total transactions with owners	**-**	**-**	**-**	**7**	**7**
Equity 31 March 2018	**373**	**11**	**-53**	**10.161**	**10.492**

Consolidated condensed interim financial statements 1 January - 31 March 2019

Overview of notes for the consolidated financial statements

Consolidated condensed interim financial statements 1 January - 31 March 2019

Notes

1 Accounting policies

The reviewed consolidated condensed interim financial statements of Abacus Medicine A/S and its subsidiaries (Abacus Medicine) have been prepared in accordance with IAS 34 'Interim Financial Reporting' as endorsed by the European Union and consistent with the accounting policies set out in the Annual Report 2018 of Abacus Medicine A/S. Further the adoption of new standards effective as of 1 January 2019 have had the impact as described below.

As Abacus Medicine is not including the full set of disclosures, as required in a complete set of financial statements, the consolidated interim financial statements of Abacus Medicine are regarded as 'condensed', as per IAS 34.

The consolidated condensed interim financial statements have been presented in euros, rounded to the nearest thousand.

New standards, interpretations and amendments adopted by Abacus Medicine

Abacus Medicine applies, for the first time, IFRS 16 Leases. Other amendments and interpretations also apply for the first time in 2019. None of these have an impact on the recognition or measurement in the consolidated condensed interim financial statements.

Effect from IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Abacus Medicine adopted IFRS 16 using the modified retrospective method, whereby the lease liability is measured at the present value of the remaining lease payments, discounted using Abacus Medicines incremental borrowing rate at the date of initial application. A right-of-use asset has been recognised at the date of initial application with an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the leases.

Abacus Medicine have elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The implementation of IFRS 16 has resulted in a change in the presentation of the operational leasing contracts, which from 2019 are recognised on the balance sheet as right-of-use assets with a related leasing obligation. Before the adoption of IFRS 16, Abacus Medicine classified each of its leases (as lessee) at the inception date as an operating lease (Abacus Medicine had no finance lease contracts under IAS 17).

In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in the statement of profit or loss on a straight-line basis over the lease term. Any prepaid and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

On adoption of IFRS 16, Abacus Medicine recognised lease liabilities in relation to leases which had previously been classified as operating lease payments under the principles of IAS 17 Leases. These liabilities has been measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019, which was 3.0%.

The operating lease commitments per 31 December 2018 was presented in note 28 in the 2018 annual report. The table below shows the link from this note to the IFRS 16 lease liabilities as per 1 January 2019:

EUR'000	**1 January 2019**
Operational lease obligation as of 31 December 2018	2.520
Discounted using the incremental borrowing rate as of 1 January 2019	2.400
Used exemptions:	
Short term leases	-75
Low value assets	-50
Impact from lease payments under extension options in periods there are reasonable certain to be exercised and under termination options periods that are reasonable certain not to be exercised, etc.	1.085
Lease obligation recognised as of 1 January 2019 (IFRS 16)	3.360

Notes

1 Accounting policies (continued)

The effect of adoption per 1 January 2019 is the following:

Balance sheet as at 1 January 2019:

- Right-of-use assets of EUR 3,360 thousand were recognised and presented separately in the statement of financial position.
- Additional lease liabilities (long term) of EUR 2,261 thousand and lease liabilities (short term) of EUR 1,099 thousand.
- The impact on equity is zero.

Income statement for the three-month ended 31 March 2019:

- Depreciation expense increased by EUR 283 thousand relating to the depreciation of additional assets recognised.
- Rent expense decreased by EUR 296 thousand relating to previous operating leases.
- Finance costs increased by EUR 25 thousand relating to the interest expense on additional lease liabilities recognised.
- Cash outflows from operating activities decreased by EUR 296 thousand and cash outflows from financing activities increased by the same amount, representing the payments for the principal portion of recognised lease liabilities.

Abacus Medicine's lease agreements mainly relate to lease of the headquarter premises in Copenhagen, Denmark, the production site and machinery equipment (printers) in Budapest, Hungary and the production site in Alkmaar, the Netherlands.

Summary of new accounting policies

Set out below are the new accounting policies of Abacus Medicine upon adoption of IFRS 16:

Right-of-use assets

Abacus Medicine 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 Abacus Medicine 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, Abacus Medicine 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 Abacus Medicine and payments of penalties for terminating a lease, if the lease term reflects Abacus Medicine 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, Abacus Medicine 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

Abacus Medicine 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

Abacus Medicine 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 Abacus Medicine has no material extension options.

Notes

1 Accounting policies(continued)

Special items
Special items are IPO related costs.

2 Significant accounting judgements, estimates and assumptions
In preparing the consolidated condensed interim financial statement, Management makes various accounting estimates and assumptions, which form the basis of presentation, recognition and measurement of Abacus Medicine's assets and liabilities.

All significant accounting estimates and judgements are consistent with the description in the Annual Report 2018. Refer to descriptions in the individual notes to the consolidated financial statement in the Annual Report 2018.

3 Segment information
The presentation of operating segments for Abacus Medicine reflects the management structure and is in line with the internal management reporting. Information about operating segments is provided in accordance with Abacus Medicine's accounting policies.

For management purposes, Abacus Medicine is organised into business units based on markets, as below. The Management monitors Abacus Medicine's operations as one segment on earnings, and on countries and products when monitoring revenue activities.

Geographical allocation of revenue and non-current operating assets

EUR'000	Q1 2019 Revenue	Q1 2019 Non-current operating assets	Q1 2018 Revenue	Q1 2018 Non-current operating assets
Denmark	12.154	12.607	5.669	7.896
Sweden	9.878	-	7.931	-
Germany	45.329	-	45.891	-
The Netherlands	12.162	1.439	8.271	677
Other countries	10.889	7.105	4.067	3.719
	90.412	**21.151**	**71.829**	**12.292**

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

4 Trade and other receivables
The increase in current trade and other receivables was mainly due to a temporary rise in invoices in process under the Factoring Agreement around the end of first quarter of 2019.

Other receivables (non-current) includes deposits and the loan to the Dutch wholesaler Pluripharm Groep B.V. based in Alkmaar, the Netherlands ("Pluripharm") of EUR 0.65 million, which was granted in February 2019. The loan agreement includes an option to convert the loan into the majority ownership of shares of Pluripharm's parent company, Goofy-Sam Holding B.V. The Management of Abacus Medicine A/S considers the option to convert the loan to majority of ownership to be out of the money.

Notes

5 Capital resources

At 31 March 2019 Abacus Medicine has unused credit facilities at the bank at EUR 16.1 million and EUR 18.6 million in the factoring agreement. VAT payables related to 2018 in Germany is expected to be settled in August 2019. The unpaid amount at 31 March 2019 is EUR 33.4 million.

The Credit Facility Agreement with the bank was entered into on 10 October 2018. The calculation of the covenants related to the agreement are based on the inventory level compared to the credit utilisation, the solvency and leverage. As per 31 March 2019, the solvency covenant was breached as Abacus Medicine did not generate the anticipated proceeds from the initial intention to conduct a public offering in October 2018. The bank has waived the covenant as per 31 March 2019, and in May 2019 Abacus Medicine received an addendum to the Agreement according to which the solvency ratio has been reduced to a lower level until 30 June 2020. At this level, Abacus Medicine is expected not to be in breach of the covenant.

The waiver and the amendment have not changed any other provisions of the current Credit Facility Agreement.

6 Acquisition and disposals

During the three months period ended 31 March 2019, Abacus Medicine acquired assets with a cost of EUR 2,019 thousand (three months period ended 31 March 2018: EUR 1,239 thousand). These mainly relate to investments in licenses, IT systems and leasehold improvements.

7 Financial risks

Abacus Medicine's overall risk exposure and financial risks, including risks related to foreign currency, credit, liquidity and interest rate, are unchanged compared with the disclosures in note 27 in the consolidated financial statement in the Annual Report 2018.

Below is an illustration of the impact in EUR thousand on profit before tax from a change in the foreign currencies which Abacus Medicine is mainly exposed to risks on exchange rate fluctuations.

EUR'000	Change in exchange rate	Q1 2019	Q1 2018
SEK	5%	3	444
GBP	5%	15	-225
NOK	5%	-200	-367
PLN	5%	-109	-83
HUF	5%	-230	-76

The analysis is based on sales and purchases in the given period, and keeps all other assumptions unchanged. A change in the exchange rate of the currencies will also impact the business in terms of the possibilities of purchase- and selling volumes.

8 Derivative financial instruments

Derivative financial instruments are measured at fair value and in accordance with level 2 in the fair value hierarchy (IFRS 7). Please refer to note 27 to the consolidated financial statement in the Annual Report 2018.

9 Contractual obligations and contingencies etc.

Reference is made to note 24 in the consolidated financial statements in the Annual Report 2018.

10 Related parties

Related parties with significant influence of Abacus Medicine A/S include the parent company Wagner Family Holding ApS, the ultimative parent company FTW Holding ApS, the Board of Directors and the Executive Board of the company and their close family members. Related parties also include companies in which the persons have control or significant interests.

Transactions with related parties

During the period 1 January - 31 March 2019 Abacus Medicine A/S has not paid any dividend (1 January - 31 March 2018: EUR 0 thousand). Abacus Medicine A/S did not enter any other significant transactions with members of the Board of Directors or the Executive Board, except for compensation and benefits received due to their membership of the Board of Directors or employment with the Group.

Abacus Medicine A/S has a receivable from the parent company at 31 March 2019 of EUR 861 thousand (31 March 2018, EUR 772 thousand and 31 December 2018, EUR 829 thousand). Furthermore Abacus Medicine A/S has receivables from other related parties at 31 March 2019 of EUR 163 thousand (31 March 2018, a receivable of EUR 259 thousand and 31 December 2018, EUR 161 thousand). Interests income from other related parties of EUR 20 thousand have been recognised from 1 January - 31 March 2019 (1 January - 31 March 2018, interests income of EUR 0 thousand and 1 January - 31 December 2018, interests income of 18 thousand).

Notes

11 Events after the reporting period

An addendum to the Credit Facility Agreement with the bank was received in May 2019. Please refer to note 5 for further details.

No other events have occurred after the balance sheet date which could have a material effect on the Abacus Medicine's financial position at 31 March 2019.

Consolidated Financial Statements of ABACUS MEDICINE A/S
as of and for the fiscal year ended December 31, 2018 (IFRS) including comparative figures
as of and for the fiscal year ended December 31, 2017

Statement by Executive Management and Board of Directors on the consolidated historical financial statements for the financial year ended December 31, 2018 and 2017

The Executive Management and the Board of Directors have today reviewed and approved the financial statements of Abacus Medicine A/S for the financial year January 1 – December 31, 2018 and the comparative figures for the financial year January 1 – December 31, 2017.

The financial statements comprise income statement, statement of other comprehensive income, balance sheet, statement of changes in equity, statement of cash flow and notes including accounting policies, as presented on the following pages.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets and liabilities at December 31, 2018 and the comparative figures at December 31, 2017 and the result of the Group's operations and cash flows for the financial year January 1 – December 31, 2018 and the comparative figures for the financial year January 1 – December 31, 2017.

Copenhagen, May 2, 2019

ABACUS MEDICINE A/S

Executive Management

Flemming Wagner

(CEO)

Board of Directors

Troels Peter Troelsen

(Chairman)

Jens Albert Harsaae

(Deputy Chairman)

Ole Jensen

(Board Member)

Flemming Wagner

(Board Member)

Auditors report on the audited consolidated historical financial statements

To the shareholders of Abacus Medicine A/S

Opinion

We have audited the consolidated financial statements of Abacus Medicine A/S (the "Group") for the financial year 1 January – 31 December 2018 and the comparative figures for the financial year 1 January – 31 December 2017, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, presented on pages F-20 – F-60. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act (Class C Large).

In our opinion, the consolidated financial statements on pages F-20 – F-60 give a true and fair view of the financial position of the Group at 31 December 2018 and the comparative figures 31 December 2017 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2018 and the comparative figures for the financial year 1 January – 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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" 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 consolidated financial statements

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

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

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

Our objectives are to obtain reasonable assurance as to whether the consolidated 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 consolidated 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 consolidated 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 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, 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 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 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated 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.

Copenhagen, 2 May 2019
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Gath
State Authorised
Public Accountant
mne19718

Ole Becker
State Authorised
Public Accountant
mne33732

Consolidated financial statements 1 January – 31 December

Income statement

Note	EUR'000	2018	2017
3	Revenue	332.347	253.056
4	Cost of sales	-291.544	-223.744
	Gross profit	**40.803**	**29.312**
8	Other external costs	-8.189	-6.662
5	Staff costs	-18.969	-12.856
	Operating profit before depreciations, amortisation and special items (adjusted EBITDA)	**13.645**	**9.794**
1	Special items	-1.065	-377
	Operating profit before depreciations and amortisation (EBITDA)	**12.580**	**9.417**
7	Depreciation and amortisation	-2.712	-1.857
	Operating profit (EBIT)	**9.868**	**7.560**
10	Finance income	108	202
10	Finance expenses	-2.626	-1.630
	Profit before tax	**7.350**	**6.132**
11	Tax	-1.991	-1.804
	Profit for the year	**5.359**	**4.328**
17	Earnings per share, EUR	0,7	0,6
	Diluted earnings per share, EUR	0,7	0,6

Consolidated financial statements 1 January – 31 December

Statement of other comprehensive income

Note	EUR'000	2018	2017
	Profit for the year	5.359	4.328
	Other comprehensive income		
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
	Cash flow hedges – effective portion of changes in fair value	-757	25
	Exchange differences on translation of foreign operations	-60	-14
11	Income tax effect	167	-5
		-650	6
	Other comprehensive income/(loss) for the year, net of tax	-650	6
	Total other comprehensive income	4.709	4.334
	Earnings per share, EUR	0,6	0,6
	Diluted earnings per share, EUR	0,6	0,6

Consolidated financial statements 1 January – 31 December

Balance sheet

Note	EUR'000	2018	2017
	ASSETS		
	Non-current assets		
12	Intangible assets	13.890	10.218
13	Property, plant and equipment	2.970	1.491
	Other receivables	344	180
11	Deferred tax assets	78	-
	Total non-current assets	**17.282**	**11.889**
	Current assets		
14	Inventory	59.587	33.364
15	Trade and other receivables	19.021	10.213
23	Cash	1.346	1.041
	Total current assets	**79.954**	**44.618**
	TOTAL ASSETS	**97.236**	**56.507**
	EQUITY AND LIABILITIES		
	Equity		
16	Share capital	373	373
	Other reserves	-667	-17
	Retained earnings	14.693	9.315
	Total equity	**14.399**	**9.671**
	Non-current liabilities		
11	Deferred tax liabilities	1.892	1.105
20	Other payables	-	952
	Total non-current liabilities	**1.892**	**2.057**
	Current liabilities		
21	Provisions	2.159	543
18	Borrowings	21.270	24.048
19	Trade payables	11.442	11.170
11	Income tax payable	897	1.254
20	Other payables	45.177	7.764
	Total current liabilities	**80.945**	**44.779**
	Total liabilities	**82.837**	**46.836**
	Total EQUITY AND LIABILITIES	**97.236**	**56.507**

Consolidated financial statements 1 January – 31 December

Cash flow statement

Note	EUR'000	2018	2017
	Operating activities		
	Profit before tax	7.350	6.132
	Adjustments to reconcile profit before tax to net cash flow:		
7	Depreciation and amortisation	2.712	1.857
	Finance income	-108	-202
	Finance expenses	2.626	1.630
	Working capital adjustments:		
	Non-cash items, net	1.633	583
22	Changes in working capital	2.427	14.172
	Interest received	108	202
	Interest paid	-2.120	-1.439
	Income tax paid	-1.446	-1.906
	Net cash flow from operating activities	**13.182**	**21.029**
	Investing activities		
12	Purchase of intangible assets	-6.513	-3.938
13	Purchase of property, plant and equipment	-2.426	-1.350
26	Business combinations	-	323
	Paid deposits	-164	-52
	Disposals, non-current assets	67	4
	Net cash flow used in investing activities	**-9.036**	**-5.013**
	Financing activities		
	Proceeds from borrowings (credit facility)	21.270	-
	Proceeds from exercise of warrants	-	287
	Deposits regarding bank agreement	-1.063	-2.823
	Proceeds from factoring debt	-	133.288
	Repayment of factoring debt	-	-156.129
	Dividends paid to equity holders of the parent	-	-4.751
	Net cash flow from financing activities	**20.207**	**-30.128**
	Cash flow for the year	**24.353**	**-14.112**
	Cash at beginning of the year	-23.007	-8.895
23	**Cash at 31 December**	1.346	-23.007

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	Total
Equity 1 January 2018	**373**	**-27**	**10**	**9.315**	**9.671**
Total comprehensive income 2018					
Profit for the year	-	-	-	**5.359**	**5.359**
Other comprehensive income					
Cash flow hedges – effective portion of changes in fair value	-	-757	-	-	-757
Exchange differences on translation of foreign operations	-	-	-60	-	-60
Tax on other comprehensive income	-	167	-	-	167
Total other comprehensive income	**-**	**-590**	**-60**	**-**	**-650**
Total comprehensive income for the period	**-**	**-590**	**-60**	**5.359**	**4.709**
Transactions with owners					
Equity-settled share-based payments	-	-	-	19	19
Total transactions with owners	**-**	**-**	**-**	**19**	**19**
Equity 31 December 2018	**373**	**-617**	**-50**	**14.693**	**14.399**
Equity 1 January 2017	**355**	**-47**	**24**	**9.174**	**9.506**
Total comprehensive income 2017					
Profit for the year	-	-	-	**4.328**	**4.328**
Other comprehensive income					
Cash flow hedges – effective portion of changes in fair value	-	25	-	-	25
Exchange differences on translation of foreign operations	-	-	-14	-	-14
Tax on other comprehensive income	-	-5	-	-	-5
Total other comprehensive income	**-**	**20**	**-14**	**-**	**6**
Total comprehensive income for the period	**-**	**20**	**-14**	**4.328**	**4.334**
Transactions with owners					
Dividends paid	-	-	-	-4.751	-4.751
Equity-settled share-based payments	-	-	-	295	295
Warrants exercised	18	-	-	269	287
Total transactions with owners	**18**	**-**	**-**	**-4.187**	**-4.169**
Equity 31 December 2017	**373**	**-27**	**10**	**9.315**	**9.671**

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

Abacus Medicine A/S is a private limited company registered in Denmark. The financial statements section of the annual report, for the period 1 January – 31 December 2018, comprises both the consolidated financial statements of Abacus Medicine A/S and its subsidiaries (Abacus Medicine) and the separate Parent Company financial statements.

The consolidated financial statements for Abacus Medicine A/S for 2018 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements according to the Danish Financial Statements Act applying to large reporting class C entities. The accounting policies are consistent with the policies set out in the Annual Report 2017 of Abacus Medicine A/S, except for the implementation of new and amended standards (see below) and the presentation of the movements in the bank credit facility which due to circumstances in 2018 has been considered to be financing activity and not a part of net cash as presented previously.

The consolidated income statement and the consolidated statement of financial positions separately present items that are considered individually significant or are required under the minimum presentation of IAS 1. When determining whether an item is individually significant, Abacus Medicine A/S considers both quantitative and qualitative factors. If the presentation or disclosure of an item is not decision-useful, the information is considered insignificant. Explanatory disclosure notes related to the consolidated financial statements are presented for individually significant items. Where separate presentation of a line item is made solely due to minimum presentation requirements in IAS 1, no further disclosures are provided in respect of that line item.

The Board of Directors and the Executive Board have on 2 May 2019 discussed and approved the annual report for Abacus Medicine A/S for 2018. The annual report will be presented to the shareholders of Abacus Medicine A/S for adoption at the annual general meeting on 2 May 2019.

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.

Notes

1 Accounting policies (continued)

Changes in accounting policies and disclosures

New and amended standards and interpretations

Abacus Medicine applied IFRS 15 and IFRS 9 for the first time in the financial statements 2018. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of Abacus Medicine. Abacus Medicine has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Abacus adopted IFRS 15 using the modified retrospective method of adoption and the implementation of IFRS 15 has resulted in a change in the presentation of the return provision, which from 2018 is presented gross under inventory and provision as well as revenue and cost of goods sold. The gross up amounts to EUR 2,159 thousand. Apart from this, the implementation of IFRS 15 have not had any material impact on the recognition and measurement of revenue, and the adoption has had no impact on the income statement, statement of cash flows and no impact on basic and diluted EPS.

The effect on the balance sheet of adopting IFRS 15 is, as follows:

	31 December 2018		
EUR'000	Old policies	Effect of adoption	New policies
Current assets			
Inventory	58.306	1.281	59.587
Trade and other receivables	19.021	-	19.021
Total current assets	**78.673**	**1.281**	**79.954**
TOTAL ASSETS	**95.955**	**1.281**	**97.236**
Equity			
Share capital	373	-	373
Other reserves	-667	-	-667
Retained earnings	14.693	-	14.693
Total equity	**14.399**	**-**	**14.399**
Current liabilities			
Provisions	878	1.281	2.159
Total current liabilities	**79.664**	**1.281**	**80.945**
Total EQUITY AND LIABILITIES	**95.955**	**1.281**	**97.236**

1 Accounting policies (continued)

The effect on the Income statement of adopting IFRS 15 is, as follows:

	1 January - 31 December 2018		
EUR'000	Old policies	Effect of adoption	New policies
Revenue	334.506	-2.159	332.347
Cost of sales	-293.703	2.159	-291.544
Gross profit	**40.803**	**-**	**40.803**
Profit before tax	**7.350**	**-**	**7.350**
Tax	-1.991	-	-1.991
Profit for the year	**5.359**	**-**	**5.359**

The change did not have any impact on income statement or the statement of cash flows for 2018.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39, which changes the classification, measurement and impairment of financial assets, and introduces new rules for hedge accounting. IFRS 9 requires Abacus Medicine to record expected credit losses on all its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Abacus Medicine applied the simplified method upon adoption of IFRS 9 on 1 January 2018 and record lifetime expected losses on all trade receivables. Based on the portfolio of financial assets and liabilities and the historical low realised loss on trade receivables, the adoption of the new standard did not have any material impact on the Abacus Medicine's consolidated financial statements and therefore no effect on retained earnings at 1 January 2018. Further, no other elements from the adoption of the standard has affected recognition and measurement.

Notes

1 Accounting policies (continued)

Consolidated financial statements
The consolidated financial statements comprise the financial statements of Abacus Medicine A/S (the Parent) and the subsidiaries controlled by the Parent, as at 31 December 2018. Abacus Medicine A/S 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.

Foreign currency translation
Abacus Medicine's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, Abacus Medicine determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. Abacus Medicine 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 Abacus Medicine'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 Abacus initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, Abacus Medicine determines the transaction date for each payment or receipt of advance consideration.

Business combinations
Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated profit or loss until the date of disposal and settlement date.

The acquisition method is applied to acquisitions of new businesses over which Abacus Medicine obtains control. The acquired businesses' identifiable assets and liabilities are measured at fair value at the acquisition date. Deferred tax related to the fair value adjustments in identified net assets is recognised.

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

Costs directly attributable to the acquisition are expensed as incurred.

1 Accounting policies (continued)

Current versus non-current classification

Abacus 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

Abacus Medicine classifies all other liabilities as non-current.

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

Derivative financial instruments

Initial recognition

Abacus Medicine 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 other comprehensive income and later reclassified to the income statement when the hedge item affects the income statement.

Income Statement

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 the factoring agreement, the receivables are sold, 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. Abacus Medicine 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 Abacus Medicine will be entitled. For goods that are expected to be returned, instead of revenue, Abacus Medicine 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.

Notes

1 Accounting policies (continued)

Assets and liabilities arising from rights of return:

Rights of return assets

Right of return asset represents Abacus Medicine'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. Abacus Medicine 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 Abacus Medicine ultimately expects it will have to return to the customer. Abacus Medicine 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.

Other external expenses

Other external costs include expenses in regards to Abacus Medicine's principal activities, arising during the year. This includes expenses for sales, advertisement, administration, 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 Abacus Medicine's employees. Within staff costs, any compensation received from public authorities has been deducted.

Incentive programs under which the employee have 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 Abacus Medicine's earnings.

Share-based payments

Certain employees of Abacus Medicine 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 Abacus Medicine'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.

Special items

Special items are IPO related costs. IPO related costs of EUR 377 thousand incurred in 2017 have been reclassified from "Other external costs" to "Special items" in the 2017 figures.

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.

Notes

1 Accounting policies (continued)

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.

The Parent Company is jointly taxed with its Danish Group entities including the Group Parent, FTW Holding ApS, which 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.

Balance sheet

Intangible assets

Goodwill

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 impairment losses. Goodwill is tested for impairment as minimum yearly, and impairment losses charged in previous years cannot be reversed.

Licenses and IP rights

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.

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 and IP rights are recognised in the balance sheet are measured at cost and subsequently at cost less accumulated amortisation and impairment losses.

Amortisation periods are as follows:

Licenses	5 - 8 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.

1 Accounting policies (continued)

Development costs
Development expenditures on an individual project are recognised as an intangible asset when the Abacus Medicine 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:

Leasehold improvements	3 years
Other fixtures and fittings	2-5 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.

Leases
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement. The operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Services in connection with operating leases are recognised in the income statements on a straight-line basis over the lease term.

Notes

1 Accounting policies (continued)

Impairment of non-current assets

Abacus Medicine 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, Abacus Medicine 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.

Abacus Medicine bases its impairment calculation on detailed budgets and forecast calculations. The budget and forecast calculation generally cover 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 excluding goodwill, 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, Abacus Medicine estimates the asset's recoverable amount.

Goodwill is tested for impairment annually at year-end and when circumstances indicate that the carrying value may be impaired.

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 receivable level. 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.

Notes

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 Abacus Medicine 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.

1 Accounting policies (continued) Fair

value

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities.
Level 2: Value based on recognised valuation methods on the basis of observable market information.
Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Fair value measurements are based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

Cash flow statement

The cash flow statement shows Abacus Medicine's cash flows from operating, investing and financing activities for the year, the year's changes in Cash as well as Abacus Medicine'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 Abacus Medicine'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 comprise 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 comprise changes in the size or composition of the Abacus Medicine's share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividend to shareholders.

1 Accounting policies (continued)

Financial ratios

Key figures and financial ratios stated in the consolidated financial statements have been calculated in accordance with the Danish Finance Society's guidelines, except the calculation of ROIC:

Gross profit	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Revenue growth	$\frac{\text{Current year revenue - prior year revenue x 100}}{\text{Revenue}}$
Return on invested capital (ROIC)	$\frac{\text{Operating profit (EBIT) x (1 - effective tax rate) x 100}}{\text{Average invested capital (includes intangible assets, PP\&E, inventory, trade \& other receivables and trade payables)}}$
Solvency ratio	$\frac{\text{Closing equity x 100}}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit for the year after tax x 100}}{\text{Average equity}}$
EPS basic	$\frac{\text{Net profit}}{\text{Average number of shares outstanding}}$
EPS diluted	$\frac{\text{Net profit}}{\text{Average number of shares outstanding, including the dilutive effect of share options}}$

Alternative performance measures

Abacus Medicine presents financial measures in the Annual Report that are not defined according to IFRS. Abacus Medicine believes these non-GAAP measures provide valuable information to investors and Abacus Medicine's management when evaluating performance. Since other companies may calculate these differently from Abacus Medicine, they may not be comparable to the measures used by other companies. These financial measures should therefore not be considered to be a replacement for measures defined under IFRS. For definitions of the performance measures used by Abacus Medicine, please see below.

Adjusted EBITDA margin	$\frac{\text{Operating profit excl. amortisation, depreciation and special items x 100}}{\text{Revenue}}$
EBITDA margin	$\frac{\text{Operating profit excl. amortisation and depreciation x 10}}{\text{Revenue}}$
Operating profit (EBIT) margin	$\frac{\text{Operating profit (EBIT) x 100}}{\text{Revenue}}$

Notes

2 Significant accounting judgements, estimates and assumptions

The preparation of Abacus Medicine's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgements based on a number of factors in the given circumstances.

Warrants program
Estimating fair value for Warrant programs transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the share price of Abacus Medicine A/S at the grant date, the expected life of the warrant, volatility and dividend yield and making assumptions about them.

Abacus Medicine A/S has established a share plan in 2016, 2017 and 2018. The decision to grant warrants is made by the Board of Directors in accordance with the general guidelines. Warrants have been granted to members of the key management personnel and other employees in the company. For the 2017 and 2018 program, the employees only receive equity instruments. For the 2016 program the employees have the option to choose between equity instruments or cash. For the accounting principles, please refer to the section on “share based payments” in the accounting policies.

Sales return
Certain contracts for the sale of products include a right of return that give rise to variable consideration. In estimating the variable consideration, Abacus Medicine considers the historical experience, business forecast and the current economic conditions. The provision is presented gross under provisions and inventory.

Valuation of intangible assets
The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives (licences) are amortised over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as amortisation.

Intangible assets with indefinite useful lives (goodwill) and development projects in progress are not amortised, but are tested for impairment annually at least.

The estimated values of intangible assets are based on management estimations and assumptions and is by nature subject to uncertainty.

Inventory write-downs
The valuation of the inventory per the balance sheet date involves judgements and estimates on the provision for write-downs. The provision is based on the ageing of the products, i.e. the expiration date, and evaluation of the commercial possibilities of selling the products.

Notes

3 Segment information

The presentation of operating segments for Abacus Medicine is in line with the internal management reporting.

Management monitors the Group's operations as one segment on earnings, and on countries and products when monitoring revenue activities. Accordingly, Abacus Medicine is organised into business units based on markets, as below.

Geographical allocation of revenue and non-current operating assets

	2018		2017	
EUR'000	**Revenue**	**Non-current operating assets**	**Revenue**	**Non-current operating assets**
Denmark	37.561	11.511	34.837	7.336
Sweden	39.251	-	39.893	-
Germany	189.635	-	149.893	-
The Netherlands	39.819	1.379	14.742	622
Other countries	26.081	3.970	13.691	3.751
	332.347	16.860	253.056	11.709

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

In 2017-18 the Group had one customer in the Danish and Swedish market with more than 10% of the Group revenue, and one customer in the German market with more than 10% of the Group revenue.

4 Cost of sales

Cost of sales comprise of the following:

EUR'000	**2018**	**2017**
Cost of inventories recognised as an expense	287.348	220.436
Write-down of inventory, net	4.196	3.308
	291.544	223.744

Notes Staff

5 costs

EUR'000	2018	2017
Wages and salaries	16.577	10.032
Pensions, defined contribution plans	1.470	990
Other social security costs	254	128
Other staff costs	1.525	826
Share-based payment expense	170	1.180
Total employee benefit expenses	**19.996**	**13.156**
Of which are capitalised as intangible assets	-1.027	-300
Total employee benefit expense in the income statement	**18.969**	**12.856**
Average number of full-time employee	449	349

The below amounts are included in the total staff costs.

EUR'000	2018 Board of Directors and Executive Management	2018 Key Management Personnel
Wages and salaries	620	1.460
Pensions, defined contribution plans	32	104
Share-based payments	2	63
Social security costs	1	8
Total	**655**	**1.635**
Average number	4	8

EUR'000	2017 Board of Directors and Executive Management	2017 Key Management Personnel
Wages and salaries	556	1.229
Pensions, defined contribution plans	29	88
Share-based payments	-	240
Social security costs	1	5
Total	**586**	**1.562**
Average number	4	7

Key Management Personnel is defined as the members of daily management, and includes CFO, CLO, VPs and Directors.

Remuneration to the Key Management Personnel and other employees.
Remuneration to the Executive Management and Board of Directors represent EUR 655 thousand (2017: EUR 586 thousand). Warrant agreements with Key Management Personnel and members of the Board of Directors in Abacus Medicine has been entered into. For further details on remuneration to Key Management Personnel, refer to note 6 regarding share-based payments.

6 Share-based payments

The decision to grant warrants to subscribe for shares in Abacus Medicine A/S is made by the Board of Directors in accordance with general guidelines on incentive pay for Abacus Medicine. Warrants have been granted to members of the board of directors, Key Management Personnel and other employees in Abacus Medicine.

In 2018 the number of shares has been increased, due to a decrease in the nominal value per share from EUR 0.13 to EUR 0.05. The number of share options and price per share option in the warrants agreements from prior years have been adjusted accordingly.

Warrant agreements entered in November 2016 allow those eligible to subscribe for up to 145,248 new shares of EUR 0.05 each in Abacus Medicine A/S. The right to subscribe the shares are based on the earnings of Abacus Medicine over the vesting period. The subscription price is EUR 4.82 per share. Under the terms of the agreement the participants have a choice to subscribe for cash or take a cash alternative. As of the grant date the estimated value of the cash alternative was more favorable than the equity alternative, accordingly the warrants have been accounted for as a cash-settled scheme in its entity. Settlement and/or subscription must take place in June 2019.

Warrant agreements entered into in December 2017 allow those eligible to subscribe for up to 84,567 new shares of EUR 0.05 each in Abacus Medicine A/S. The right to subscribe the shares are based on the earnings of Abacus Medicine in 2018. The subscription price is EUR 4.92 per share, corresponding to a total potential subscription price of EUR 400 thousand. This warrant agreement only allows to be settle with shares which must take place 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 127,452 new shares of EUR 0.05 each in Abacus Medicine A/S. This warrant agreement only allows to be settle with shares which must take place in December 2020 (72,690 shares), July 2021 (27,381 shares) and February 2022 (27,381 shares). The subscription price of the warrants in the first tranche of 72,690 shares is EUR 16.2 per share, corresponding to a total potential subscription price of EUR 1,179 thousand. The subscription price of the remaining warrant agreements will be based on a valuation of the shares per July 2019 (27,381 shares) and February 2020 (27,381 shares). The warrant scheme has been accounted for as an equity-settled program.

EUR'000	**2018**	**2017**
Equity-settled expense	19	295
Cash-settled expense	151	885
Total share-based payment expense	**170**	**1.180**

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 2016	-	132.130	145.248	277.378	
Granted	-	28.192	56.375	84.567	
Forfeited	-	-	-5.906	-5.906	
Exercised	-	-132.130	-	-132.130	2,2
Outstanding at 31 December 2017	**-**	**28.192**	**195.717**	**223.909**	
Granted	45.309	14.766	67.377	127.452	
Forfeited	-	-	-7.920	-7.920	
Exercised	-	-	-	-	
Outstanding at 31 December 2018	**45.309**	**42.958**	**255.174**	**343.441**	
Exercisable 31 December 2018*	-	-	-	-	

*Not exercisable before June 2020

6 Share-based payments (continued)

Specification of outstanding warrants with cash settlement alternative

	Other employees (2016 program)	Total number	Average exercise price per Option (EUR)
Outstanding at 31 December 2016	145.248	145.248	
Granted	-	-	
Forfeited	-5.906	-5.906	
Exercised	-	-	
Expired	-	-	
Outstanding at 31 December 2017	139.342	139.342	
Granted	-	-	
Forfeited	-4.564	-4.564	
Exercised	-	-	
Expired	-	-	
Outstanding at 31 December 2018	**134.778**	**134.778**	
Exercisable at 31 December 2018	-	-	-

The average remaining contractual life for the share options outstanding at 31 December 2018 was 2 years (2017: 2 years). The exercise prices are between EUR 4.82 - EUR 16.2 per share option (2017: EUR 4.8 - EUR 4.9).

In 2018, the expense in regards to share-based payments recognised in the income statement amounts to EUR 170 thousands (2017: EUR 1,180 thousands)

The following table list the inputs to the models used for the two plans for the years ended 31 December 2018 and 31 December 2017, respectively:

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

The expected volatility reflects 25%, which is based on a peer group median.

EUR'000	2018	2017
Liability for cash-settled scheme	1.103	952
Of which vested (intrinsic value)	-	-
	1.103	952

Notes

7 Amortisation and depreciation

EUR'000	2018	2017
Amortisation, intangible assets	1.936	1.396
Depreciation, property, plant and equipment	776	461
Total	**2.712**	**1.857**

8 Fees paid to auditors appointed at the annual general meeting

Fees payable to Abacus Medicine's auditor for the audit of Abacus Medicine's financial statements and other non-audit services are specified as below.

EUR'000	2018	2017
Audit	56	46
Other assurance engagements	72	1
Total audit related services	**128**	**47**
Tax consultancy	10	10
Other non-audit services	411	377
Total fee to EY	**549**	**434**

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

9 Investments in subsidiaries

Name	Registered office	Ownership 2018 and voting rights	Ownership 2017 and voting rights
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%	-
PharmaSave BVBA	Belgium	100%	100%
Originalis B.V.	The Netherlands	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%	-
Aposave Mexico S de RL de	Mexico	100%	-
Aposave prestacao de servicos de marketing E Pesquisa de	Brazil	100%	-

Notes

10 Net finance costs

EUR'000	2018	2017
Finance income		
Other finance income	108	202
Total finance income	**108**	**202**

Finance income related to balance sheet items recognised at amortised cost EUR 108 thousand (2017: EUR 202 thousand).

EUR'000	2018	2017
Finance expenses		
Other finance costs	1.968	1.438
Amortised loan costs	153	-
Foreign exchange loss, net	505	192
Total finance expenses	**2.626**	**1.630**

Finance expenses related to balance sheet items recognised at amortised cost (the credit facility) EUR 635 thousand (2017: EUR 553 thousand).

11 Income tax Income statement

EUR'000	2018	2017
Current income tax		
Current income tax charge	1.102	1.354
Deferred tax		
Relating to origination and reversal of temporary difference	889	450
Income tax expense reporting in the income statement	**1.991**	**1.804**

Statement of other comprehensive income

EUR'000	2018	2017
Deferred tax related to items recognized in other comprehensive income during the year		
Net gain/loss on revaluation of cash flow hedges	167	-5
Income tax recognised in other comprehensive income	**167**	**-5**

Tax on profit for the year can be explained as follows:

EUR'000	2018	2017
Accounting profit before income tax		
Calculated 22% tax on profit for the year	1.617	1.349
Tax effect of:		
Deviation in foreign subsidiaries' tax rates compared with the Danish rate	100	131
Other non-deductible expenses, etc.	274	324
Total	**1.991**	**1.804**
Effective tax (%)	27,1%	~~29,4%~~

11 Income tax (continued)

Deferred tax

EUR'000	**2018**	**2017**
Deferred tax 1 January	-1.105	-660
Currency translation	13	-
Deferred tax for the year recognised in profit for the year	-889	-450
Deferred tax for the year recognised in other comprehensive income	167	5
Deferred tax 31 December	**-1.814**	**-1.105**
Reflected in the statement of financial position as follows:		
Deferred tax assets	78	0
Deferred tax liabilities	-1.892	-1.105
Deferred tax 31 December, net	**-1.814**	**-1.105**

There are unrecognized deferred tax assets relating to tax losses in the group amounting to EUR 630 thousand (2017: EUR 635 thousand).

EUR'000	**2018**	**2017**
Deferred tax relates to:		
Intangible assets	-2.166	-1.199
Property, plant and equipment	17	13
Trade and other receivables	2	2
Other current assets	-112	-40
Provisions	200	114
Cash flow hedge reserve	167	5
Tax losses carried forward	78	-
Total	**-1.814**	**-1.105**

Income tax payable

EUR'000	**2018**	**2017**
Income tax payable 1 January	1.254	1.796
Current tax for the year	1.102	1.354
Exchange rate adjustments, interests etc.	-13	10
Corporation tax paid during the year	-1.446	-1.906
Income tax payable 31 December	**897**	**1.254**

Notes

12 Intangible assets

EUR'000	Development costs	Licenses	IP Rights	Goodwill	Total
Cost 1 January 2018	-	14.187	1.097	2.905	18.189
Currency translation	-	-21	-	-	-21
Additions	-	2.139	-	-	2.139
Additions internally developed	2.946	1.449	-	-	4.395
Disposals	-	-1.057	-1.097	-	-2.154
Cost 31 December 2018	2.946	16.697	-	2.905	22.548
Amortisation and impairment 1 January 2018	-	7.971	-	-	7.971
Currency translation	-	8	-	-	8
Amortisation	-	1.693	243	-	1.936
Disposals	-	-1.014	-243	-	-1.257
Amortisation and impairment 31 December 2018	-	8.658	-	-	8.658
Carrying amount 31 December 2018	**2.946**	**8.039**	**-**	**2.905**	**13.890**
Cost 1 January 2017	-	11.355	-	-	11.355
Currency translation	-	-5	-	-	-5
Additions	-	2.841	1.097	-	3.938
Additions from acquisition	-	-	-	2.905	2.905
Disposals	-	-4	-	-	-4
Cost 31 December 2017	-	14.187	1.097	2.905	18.189
Amortisation and impairment 1 January 2017	-	6.576	-	-	6.576
Currency translation	-	-1	-	-	-1
Amortisation	-	1.396	-	-	1.396
Amortisation and impairment 31 December 2017	-	7.971	-	-	7.971
Carrying amount 31 December 2017	**-**	**6.216**	**1.097**	**2.905**	**10.218**

Development costs comprises capitalised expenses for the FMD project, which will be effective from February 2019 and the implementation of a new ERP system, which will be taken into use from January 2019.

Licenses are amortised over 5-8 years. There have been no indications of impairment of the intangible assets. There have not been any significant write-down of licenses in 2017-2018 as the main part of licenses are still considered to be in use. The disposals of IP rights relate to the sale of the DayDose brand. The DayDose related activities were sold and transferred on September 1, 2018, to a newly established subsidiary of Wagner Family Holding ApS. The transaction included non-current assets, inventories, receivables and payables. The sale transaction had no material impact on the Group earnings.

Goodwill was recognised as a part of the acquisition of the Aposave entities on 21 December 2017, please see note 26 on business combinations. Since goodwill in not amortised, the carrying amount is at least tested for impairment annually. The impairment test in 2018 did not give rise to recognising any impairment losses.

12 Intangible assets (continued)

Assumptions

The calculation of the recoverable amount is based on a value in use calculation of the Aposave business, which comprise of the following key assumptions:

- Revenue growth in budget period
- Gross profit
- Development in net working capital
- Discount rate
- Growth rate in terminal period

The revenue growth and the gross profit figures used in the impairment test are based on the Aposave budget for next year prepared and approved by Board of Directors, and the outlook for the subsequent 3 years.
We have applied an average yearly revenue growth of 90% in the period 2019-2022. An average revenue growth rate lower than 85% over the budget period would result in an impairment of goodwill.
The Gross margin for the industry is in the range of 20-40%. We have applied an average gross margin of 20% over the budget period. Decreased demand for clinical trial services and unlicensed medicine can lead to a decline in the gross margin. A decrease in the average gross margin over the budget period by 0.2% would result in an impairment of goodwill.
Net working capital in the budget, relative to the revenue, is based in the best estimation and increases on a linear basis as the activity level increases.

We have used a pre-tax discount rate of 15.1%, which represent the current market assessment of the risks specific to the Aposave business, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is derived from the weighted average cost of capital (WACC) of Aposave. The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by Abacus Medicine's investors. The cost of debt is based on the interest-bearing borrowings Abacus Medicine is obliged to service which is considered to be on market terms. Industry specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

We have applied a growth rate of 2%, which is an estimate of the expected average inflation in the terminal period. As such no real growth is applied to the terminal period when calculating the recoverable amount. A negative growth of 7% in the terminal period would result in an impairment of goodwill.

Notes

13 Property, plant and equipment

EUR'000	Leasehold improvements	Other fixtures and fittings, plant and equipment	Total
Cost 1 January 2018	450	2.369	2.819
Currency translation	-	30	30
Additions	689	1.737	2.426
Disposals	-	-602	-602
Cost 31 December 2018	1.139	3.534	4.673
Depreciation and impairment 1 January 2018	314	1.014	1.328
Currency translation	-	-20	-20
Depreciation	101	675	776
Disposals	-	-381	-381
Depreciation and impairment 31 December 2017	415	1.288	1.703
Carrying amount 31 December 2018	**724**	**2.246**	**2.970**
Cost 1 January 2017	338	1.125	1.463
Currency translation	1	-1	0
Additions	119	1.231	1.350
Additions from acquisitions	-	14	14
Disposals	-8	-	-8
Cost 31 December 2017	450	2.369	2.819
Depreciation and impairment 1 January 2017	239	631	870
Depreciation	78	383	461
Disposals	-3	-	-3
Depreciation and impairment 31 December 2017	314	1.014	1.328
Carrying amount 31 December 2017	**136**	**1.355**	**1.491**

Notes

14 Inventories

EUR'000	2018	2017
Raw materials and consumables	28.385	23.438
Manufactured goods and goods for resale	31.202	9.926
Total inventories at the lower of cost and net realisable value	59.587	33.364

During 2018, EUR 4,196 thousand (2017: EUR 3,308 thousand) was recognised as an expense for inventories carried at net realisable value due to expired goods. This is recognised in cost of sales, please refer to note 4.

EUR'000	2018	2017
Inventory write-downs at 1 January	629	1.206
Utilised and reversed during the year	-629	-1.206
Additional write-downs during the year	1.793	629
Inventory write-downs at 31 December	1.793	629

15 Trade and other receivables

EUR'000	2018	2017
Receivables from sales and services	9.477	5.962
Deposits AL-Finans regarding factoring agreement	3.876	2.819
Other receivables	3.901	1.038
Receivable from parent company	829	-
Prepayments	938	394
	19.021	10.213

Abacus Medicine's customers are mainly distributors and pharmacies. In general all Abacus Medicine's invoices to customers are sold to the factoring company which limits the trade receivable risk and days. Further, management monitors payment patterns of the customers and estimates the need for write-downs. 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 has not suffered any significant losses in 2017 or 2018, and the provision for bad debt is considered to be immaterial. There are no significant overdue receivables. In 2017, insignigicant write-downs where made and for 2018 the simplified expected credit loss model has been considered and no write-downs have been recognised

Notes

16 Equity

Capital management

For the purpose of Abacus Medicine's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of Abacus Medicine A/S. Abacus Medicine manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The primary objective of Abacus Medicine's capital management is to maximise the shareholder value. To maintain or adjust the capital structure, Abacus Medicine may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Abacus Medicine monitors capital using a solvency raito, which is total equity divided by total equity and liabilities. Abacus Medicine's long term target is to keep the solvency ratio at minimum 40% (end 2018: 15% end 2017: 17%)

To achieve the overall objective, Abacus Medicine's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The calculation of the convenants is based on the inventory level compared to the credit utilisation, the solvency and leverage. As per 31 December 2018, the covenants relating to the solvency has been breached, but Abacus Medicine has received a waiver letter in December 2018 from the bank on this. There have been no other breaches of the financial covenants of any interest-bearing loans and borrowing in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 2017

Equity Issued shares

	Number				
	2018	2017	2016	2015	1 january 2015
1 January	2.774.747	2.642.617	2.642.617	2.128.378	2.128.378
Additions	-	132.130	-	514.239	-
Increase in shares due to decrease of nominal value per share	4.675.253	-	-	-	-
31 December – fully paid	7.450.000	2.774.747	2.642.617	2.642.617	2.128.378

	Nominal value (EUR)				
	2018	2017	2016	2015	1 january 2015
1 January	372.500	354.714	354.714	285.688	285.688
Additions	-	17.736	-	69.026	-
Impact of conversion of registered share capital from DKK to EUR	-	50	-	-	-
31 December – fully paid	372.500	372.500	354.714	354.714	285.688

The share capital consist of 7,450,000 shares with a nominal value of 0.05 EUR each. None of the shares are assigned with special rights.

17 Earnings per share and dividend EUR'000

	2018	2017
Profit attributable to equity holders	**5.359**	**4.328**
Weighted average number of ordinary shares	7.450.000	2.708.682
Effect of share options	274.641	131.460
Weighted average number of ordinary shares adjusted for the effect of dilution	7.724.641	2.840.142
Basic earnings per share, EUR	0,7	0,6
Diluted earnings per share, EUR	0,7	0,6

Notes

17 Earnings per share and dividend

In October 2018, the nominal value per share was decreased from DKK 1 (EUR 0.13) to EUR 0.05, and the share capital was converted from DKK 2,774,747 to EUR 372,500, and accordingly the number of shares was increased from 2,774,747 to 7,450,000. 7,450,000 has been used for the calculation of earnings per share.

There have been no transactions between the reporting date and the date of completion of the Annual Report involving shares that would have significantly changed the number of shares or potential shares in Abacus Medicine A/S.

Dividend are specified as below:

EUR'000	2018	2017
Declared and paid during the year	-	4.751
Total	**-**	**4.751**

In general dividends are proposed for approval at the annual general meeting and therefore not recognised as a liability in the balance.

Dividends on ordinary shares:		
Final dividend for 2018: 0 per share (2017: 1.71 per share)	-	1,71

18 Borrowings

EUR'000	2018	2017
Non-current liabilities	-	-
Current liabilities		
Bank credit facility	21.270	24.048
Carrying amount	21.270	24.048
Nominal amount	21.270	24.048

Abacus Medicine has a committed credit facility with Danske Bank, with a maximum credit limit of EUR 32.9 million (DKK 245 million). The bank credit facility is to be renegotiated on a three year basis. Next renegotiation is in 2021.

19 Trade payables

EUR'000	2018	2017
Trade payables	11.442	10.995
Payables to parent company	-	175
Total	**11.442**	**11.170**

20 Other payables

EUR'000	2018	2017
Non-current		
Employee related payables	-	952
Total non-current	**0**	**952**
Current		
VAT payables	35.307	2.754
Employee related payables	1.999	1.361
Other payables	7.871	3.649
Total current	**45.177**	**7.764**

VAT paybles includes a VAT payable in Germany which is to be settled in August 2019. The unpaid amount as of 31 December 2018 is EUR 33.4 million (2017: EUR 0).

Notes

21 Provisions

	Return provisions
At 1 January 2018	543
Arising during the year	2.159
Utilised	-543
Unused amounts reversed	-
At 31 December 2018	2.159
Current	2.159
Non-current	-

Provisions comprise provisions for sold products expected to be returned in the coming year.

22 Change in working capital

EUR'000	2018	2017
Change in inventory	-26.223	-12.902
Change in receivables	-6.883	24.488
Change in trade payables etc.	35.533	2.586
Total	**2.427**	**14.172**

23 Cash

EUR'000	2018	2017
Cash at bank and in hand	1.346	1.041
Bank credit facility	-	-24.048
Total cash	**1.346**	**-23.007**

The movements in the bank credit facility are due to circumstances in 2018 now considered to be financing activity and not a part of net cash as presented previously.

24 Contractual obligations and contingencies etc.

Contingent liabilities

The company is jointly taxed with the Danish entities within the FTW Holding ApS group, with FTW Holding ApS as the administrative company. The 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.

25 Mortgage and collateral

Bank debt of EUR 21.3 million within Abacus Medicine has been secured by way of a pledge on all of Abacus Medicine's existing as well as future receivables, totaling EUR 14.2 million (2017: EUR 7.0 million), in intangible assets totaling EUR 13.9 million (2017: EUR 10.2 million), property totaling EUR 0 million (2017: EUR 0 million), plant and equipment totaling EUR 3.0 million (2017: EUR 1.5 million) and inventories totaling EUR 60.3 million (2017: EUR 33.4 million).

In addition, the shares in the subsidiary Abacus Medicine Hungary KFT, totaling EUR 1.1 million (2017: EUR 1.0 million), and the shares in the subsidiary Abacus Medicine Berlin Gmbh, totaling EUR 0.4 million, have been provided as collateral.

Notes

26 Business combinations

Acquisitions in 2017

Acquisition of Aposave UK, Hong Kong and US entities

On 21 December 2017, Abacus Medicine A/S established the company Aposave ApS, and acquired 100% of the voting shares of Aposave Ltd. (UK), Aposave Asia Ltd. (Hong Kong) and Aposave USA Inc. (USA). The Aposave entities sell unlicensed speciality medicine and orphan drugs globally, with a focus in regions where these medicines are either not licensed or in short supply. The vision is to become the household name for doctors and hospitals within the next five years. The synergies from the purchase is expected to come from the Abacus Medicine A/S sourcing network, as it is expected that Aposave can benefit from this. This is the main factor of the recognised goodwill.

As consideration of the purchase, Abacus Medicine A/S paid EUR 0.8 million (DKK 5.6 million) through a debt note to the sellers of the entities. There is no non-controlling interest in the acquired subsidiary.

The provisional assessment of the fair values of the identifiable assets and liabilities of the Aposave entities as at the date of acquisition were:

EUR'000	Aposave UK	Aposave Asia & US*	Total
Tangible assets	-	14	14
Inventories	50	-	50
Other receivables, non-current	15	-	15
Trade receivables	198	-	198
Other receivables, current	173	5	178
Cash	310	13	323
Trade payables	-2.767	-158	-2.925
Other payables	-3	-	-3
Net assets acquired	**-2.024**	**-126**	**-2.150**
Goodwill	2.766	139	2.905
Consideration	**742**	**13**	**755**
Cash payment (debt note)	-742	-13	-755
Net cash acquired with the subsidiary	-310	-13	-323
Cash consideration	**-310**	**-13**	**-323**

*Purchase price allocation has been combined for the two entities

From the date of acquisition, the Aposave entities contributed EUR 0 of revenue and EUR 0 to profit before tax from operations of Abacus in 2017. If the combination had taken place at the beginning of 2017, revenue from continuing operations would have been EUR
0.1 million and profit before tax from operations for Abacus Medicine would have been EUR -0.2 million. There have been no significant transaction costs in connection with the acquisition.

Notes

27 Financial risk and financial instruments

Risk management policy

Abacus Medicine's principal financial liabilities, other than derivatives, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance Abacus Medicine's operations and to support its operations. Abacus Medicine's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

Abacus Medicine is exposed to market risk, credit risk and liquidity risk. Abacus Medicine's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

We also refer to the Management's review.

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. Abacus Medicine 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

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Abacus Medicine's exposure to the risk of changes in foreign exchange rates relates primarily to Abacus Medicine's operating activities (when revenue or expense is denominated in a foreign currency) and Abacus Medicine's net investments in foreign subsidiaries.

Abacus Medicine sells finished products and purchases products in currencies other than EUR and is therefore exposed to a currency risk. The currency policy must ensure that the risk is hedged, either by buying and selling in the same currencies or by making use of financial hedging. At the same time, the currency policy must in an operational manner describe how the risk is assessed when a possible hedging is entered and who is responsible for entering into currency hedging agreements with the company's bank.

Sales/receivables: Abacus Medicine enters sales agreements with customers, which will result in invoicing in DKK, EUR, SEK, NOK and GBP. It is considered not to be relevant to hedge sales in DKK, as DKK and EUR are close to each other and, in practice, a sale in EUR corresponds to a sale in DKK. Abacus's sales in SEK are considered a risk, as the currencies historically have been unstable compared to EUR/DKK.

Purchase/payables: On the purchase side EUR is the main currency, but product and freight are also purchased in CZK, HUF, PLN, SEK, NOK and GBP, where SEK to some extent provides a natural hedge against the currency risk on the sales side. All the purchase currencies used have historically been volatile. In the medium and long term, a change in the value of these currencies will lead to an adjustment of the purchase prices in the local currencies, and thereby eliminating the currency risk. In the short term, i.e. from the date of invoice to the payment, the price is fixed in currency and an increase (strengthening) of these currencies will result in a loss. However, the time from order delivery to payment is limited and thereby the currency risk exposure and therefore the company does not enter forward transactions.

27 Financial risk and financial instruments (continued)

Group Finance enter the hedges with the bank on the basis of confirmed customer orders or in some cases on the budgeted sales. Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecast sales in foreign currencies, mainly SEK and forecast purchases, mainly NOK. These forecast transactions are highly probable. The foreign exchange forward contract balances vary with the level of expected foreign currency sales and purchases and changes in foreign exchange forward rates.

There is an economic relationship between the hedged items and the hedging instruments as the terms of the foreign exchange and commodity forward contracts match the terms of the expected highly probable forecast transactions (i.e., notional amount and expected payment date). Abacus has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the foreign exchange and commodity forward contracts are identical to the hedged risk components. To test the hedge effectiveness, Abacus Medicine uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

The hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the hedged items and the hedging instruments
- The counterparties' credit risk differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amount of cash flows of hedged items and hedging instruments

It is Abacus Medicine's policy that no trading in derivatives for speculative purposes may be undertaken.

Below is an illustration of the impact in EUR thousand on profit before tax from a change in Abacus Medicine's primary foreign currencies.

EUR'000	Change in exchange rate	Profit before tax 2018	2017
SEK	5%	2.155	2.154
GBP	5%	-657	-423
NOK	5%	-1.271	-338
PLN	5%	-400	-380
HUF	5%	-336	-247

The analysis is based on sales and purchases in respective currencies the given period, and keeps all other assumptions unchanged. A change in the exchange rate of the currencies will also impact the business in terms of the possibilities of purchase- and selling volumes.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Abacus Medicine's exposure to the risk of changes in market interest rates relates primarily to the Abacus Medicine's credit facility with Danske Bank with a credit limit of EUR 32.8 million (DKK 245 million) and the factoring agreement with AL Finans with a limit of EUR 63.7 million (DKK 475 million). Abacus Medicine has not hedged interest rate risks.

A change in the interest rate by 1 percentage point in comparison to the interest rate at the balance sheet date would all other things equal affect Abacus Medicine's income statement by EUR 0.2 million (2017: EUR 0.5 million) and equity by EUR 0.2 million (2017: EUR 0.5 million).

27 Financial risk and financial instruments (continued)

Liquidity risk

Parallel import 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, which can be up to 2 months. This creates a liquidity requirement in the period between payment to suppliers and receipt of customer payments.

Abacus Medicine therefore 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 relationships which have resulted in the existence of sufficiently large credit lines for factoring and credit facilities.
Abacus Medicine has a committed credit facility at Danske Bank with a credit limit of DKK 245 million (EUR 32.8 million) with a three years term and a factoring agreement with AL Finans with a limit of DKK 475 million (EUR 63.7 million). The limit of the factoring agreement will increase during 2019 to EUR 70.4 million (DKK 525 million). The increase is incremental, so the full increase is effective from 1 July 2019. Factoring is chosen because it allows for financing of all sales invoices, where 100% of invoice amounts are paid to Abacus Medicine no later than the day after the invoice has been issued.

Maturity analysis

(EUR'000) 2018	Contractual cash flows	< 1 year	1 - 3 years	3 - 5 years	>5 years
Non-derivative financial instruments					
Credit institutions and banks (credit facility)	21.695	21.695	-	-	-
Trade payables	11.442	11.442	-	-	-
Other payables	45.177	45.177	-	-	-
Derivative financial instruments					
Exchange rate hedging	792	792	-	-	-
31 December 2018	**79.106**	**79.106**	**-**	**-**	**-**
2017					
Non-derivative financial instruments					
Credit institutions and banks (credit facility)	24.529	24.529	-	-	-
Trade payables	11.170	11.170	-	-	-
Other payables	8.716	7.764	952	-	-
Derivative financial instruments					
Exchange rate hedging	35	35	-	-	-
31 December 2017	**44.450**	**43.498**	**952**	**-**	**-**

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.

27 Financial risk and financial instruments (continued) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Abacus Medicine is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

The customers in the medical industry are in general considered to be very creditworthy, and the Company has historically not had any material write downs on receivables. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits and credit insurances are defined in accordance with this assessment. All trade receivables are sold to the factoring company and thereby the credit risk is limited. A reference is also made to note 15 Trade and other receivables. Any outstanding customer receivables and contract assets are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

Accordingly, no allowance for bad debt has been made in the carrying amount of trade receivables in the balance sheet (2017: EUR 0).

Categories of financial instruments

	Carrying amount		Fair value	
EUR'000	**2018**	**2017**	**2018**	**2017**
Financial assets measured at amortised cost				
Trade receivables	19.021	10.213	19.021	10.213
Cash	1.346	1.041	1.346	1.041
Total	**20.367**	**11.254**	**20.367**	**11.254**
Financial liabilities at fair value – hedging instruments				
Derivative financial instruments	792	35	792	35
Total	**792**	**35**	**792**	**35**
Financial liabilities measured at amortised cost				
Borrowings	21.270	24.048	21.270	24.048
Trade payables	11.442	11.170	11.442	11.170
Other payables	44.075	7.764	44.075	7.764
Total	**76.787**	**42.982**	**76.787**	**42.982**

The derivative financial instruments are measured at level 2 (Observable input) of the fair value hierarchy. The instruments are recognised in the related line item, when effective, i.e. inventories on derivatives related to purchases (EUR 747 thousand; 2017: EUR 0) and revenue for derivatives related to sales (EUR 45 thousand; 2017: EUR 35 thousand).

27 Financial risk and financial instruments (continued)

Methods and assumptions for calculating fair value

The applied methods and assumptions for calculating the fair values of financial instruments is described for each class of financial instruments.

Abacus Medicine uses hedging instruments to hedge non-recognised transactions. Abacus Medicine's purchases are mainly in EUR. Abacus Medicine's sales are effected in currencies other than EUR and DKK, which are partially hedged.

Cash flow hedging

Foreign currency risk

Derivatives designated as hedging instruments reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales and purchases in other currencies than EUR, historically this has mainly been SEK, GBP and NOK. 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 Abacus Medicine's hedging items:

2018	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
SEK/DKK	55.362	55.362	-	-	1 SEK/1 DKK	-	45	45
NOK/DKK	144.000	144.000	-	-	1 NOK/1 DKK	-	747	747
						-	792	792
2017								
SEK/DKK	27.400	27.400	-	-	1 SEK/1 DKK	-	35	35
						-	35	35

28 Leases

Operating leases

Abacus Medicine leases premises and printers under operating leases. The leasing period is typically between 0 and 5 years with the possibility of extending the contracts.

Non-cancellable operating leases are as follows:

EUR'000	2018	2017
0-1 years	1.058	538
1-5 years	1.462	684
> 5 years	-	-
Total	**2.520**	**1.222**

For the year 2018, EUR 1,043 thousand (2017: EUR 686 thousand) has been recognised in the income statement in regards to operating leases.

Notes

29 Related party disclosures

Controlling Influence

Wagner Family Holding ApS, Vesterbrogade 149, 1620 Copenhagen, Denmark, has a controlling interest in the Parent company. FTW Holding ApS is the ultimate owner. The Parent company is part of the consolidated financial statements of FTW Holding ApS.

Abacus Medicine carried through the following related party transactions:

EUR'000	2018	2017
Sale of goods to other related parties	-	568
Purchase from other related parties	-	547
Interest income from other related parties	18	127
Sale of DayDose activities including IP rights to other related parties	1.070	-
Coverage of expenses in DayDose ApS from 1/9-18 to 31/12-18	223	-
Acquisition of IP rights from other related parties	-	1.097
Acquisition of shares in subsidiaries from other related parties	-	755
Receivables from Parent	829	-
Payables to other related parties	161	962
Payables to the Parent Company	-	175
Dividends to parent	-	4.751

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2018, Abacus Medicine has not recorded any impairment of receivables relating to amounts owed by related parties (2017: EUR 0). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Executives

Abacus Medicine's related parties with significant influence includes Abacus Medicine's Board of Directors 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 5.

30 Events after the reporting period

In February 2019, Abacus Medicine granted a convertible loan of EUR 0.65 million to the Dutch wholesaler Pluripharm which can be converted to a majority ownership of shares of its parent company, Goofy-Sam Holding B.V. The convertible loan was granted in the light of a liquidity shortage at Pluripharm and securing the continuance of core operations and will secure Abacus Medicine's main access and distribution channel in the Netherlands. Abacus Medicine and Pluripharm thereby recognize substantial strategical advantages and operational synergies from the strategic alliance between the two companies.

No events have occurred after the balance sheet date which could have a material effect on Abacus Medicine's financial position at 31 December 2018.

Notes

31 Standards issued but not yet effective

The following new accounting standards and interpretations are not yet effective, but will be commencing on or after 1 January 2019.

IFRS 16 – Leases

The International Accounting Standards Board issued a new standard on the accounting treatment of leases on 13 January 2016. IFRS 16 replaces the existing guidelines on leases, including IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement Contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions in the Legal Form of a Lease. The standard is applicable for the first time in reporting periods beginning on or after 1 January 2019. Early application is permissible if IFRS 16 is already being applied. Abacus Medicine will not apply IFRS 16 early.

Summary of Impact on Financial Statements:
Abacus Medicine acts exclusively as a lessee. The major portion of Abacus Medicine's leases is attributable to the leasing of real estate. IFRS 16, requires lessees to account for leases under an on-balance sheet model, with the distinction between operating and finance leases being removed. The standard provides certain exemptions from recognising leases on the balance sheet, including where the underlying asset is of low value or the lease term is 12 months or less.

Under the new standard, Abacus Medicine will be required to:

- recognise right of use lease assets and lease liabilities on the balance sheet. Liabilities are measured based on the present value of future lease payments over the lease term. The right of use lease asset generally reflects the lease liability;
- recognise depreciation of right of use lease assets and interest on lease liabilities over the lease term; and
- separately present the principal amount of cash paid and interest in the cash flow statement as a financing activity.

Abacus Medicine has assessed the impact of the new standard. Abacus Medicine lease agreements mainly relate to lease of the headquarter premises in Copenhagen, Denmark, and the production site in Budapest, Hungary.

If IFRS 16 were implemented in 2018, Adjusted EBITDA would increase with approx. EUR 0.9 million and depreciation and interest expenses would increase similar with approx. EUR 0.9 million. Accordingly, the cash flow from the lease agreements will be changed from operating activities to financing activities. Net impact would be close to zero. The assets and liabilities would increase with approx. EUR.

Consolidated Financial Statements of ABACUS MEDICINE A/S
as of and for the fiscal year ended December 31, 2017 (IFRS) including comparative figures
as of and for the fiscal years ended December 31, 2016 and December 31, 2015

Statement by Executive Management and Board of Directors on the consolidated historical financial statements for the financial year ended December 31, 2017, 2016 and 2015

The Executive Management and the Board of Directors have today reviewed and approved the financial statements of Abacus Medicine A/S for the financial year January 1 – December 31, 2017 and the comparative figures for the financial years January 1 – December 31, 2016 and January 1 – December 31, 2015.

The financial statements comprise income statement, statement of other comprehensive income, balance sheet, statement of changes in equity, statement of cash flow and notes including accounting policies, as presented on the following pages.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's assets and liabilities at December 31, 2017 and the comparative figures at December 31, 2016 and December 31, 2015 and the result of the Group's operations and cash flows for the financial year January 1 – December 31, 2017 and the comparative figures for the financial years January 1 – December 31, 2016 and January 1– December 31, 2015.

Copenhagen, May 30, 2018

ABACUS MEDICINE A/S

Executive Management

Flemming Wagner

(CEO)

Board of Directors

Troels Peter Troelsen

(Chairman)

Jens Albert Harsaae

(Deputy Chairman)

Ole Jensen

(Board Member)

Flemming Wagner

(Board Member)

Auditors report on the audited consolidated historical financial statements

To the shareholders of Abacus Medicine A/S

Opinion

We have audited the consolidated financial statements of Abacus Medicine A/S (the "Group") for the financial year 1 January – 31 December 2017 and the comparative figures for the financial years 1 January – 31 December 2016 and 1 January – 31 December 2015, which comprise income statement, statement of other comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, presented on pages F-65 – F-120. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements on pages F-65 – F-120 give a true and fair view of the financial position of the Group at 31 December 2017 and the comparative figures 31 December 2016 and 31 December 2015 and of the results of the Group's operations and cash flows for the financial year 1 January – 31 December 2017 and the comparative figures for the financial years 1 January – 31 December 2016 and 1 January – 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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" 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 consolidated financial statements

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

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

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

Our objectives are to obtain reasonable assurance as to whether the consolidated 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 consolidated 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 consolidated 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 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, 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements, including the note disclosures, and whether the consolidated 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.

Copenhagen, 30 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Henrik Barner Christiansen
State Authorised
Public Accountant
MNE no.: mne10778

Ole Becker
State Authorised
Public Accountant
MNE no.: mne33732

Consolidated financial statements 1 January – 31 December

Income statement

Note	EUR'000	2017	2016	2015
3, 4	Revenue	253,056	177,850	111,884
	Cost of sales	-223,744	-157,185	-98,894
	Product profit	29,312	20,665	12,990
	Other external costs	-7,039	-4,453	-2,661
	Gross profit	22,273	16,212	10,329
5	Staff costs	-12,856	-9,590	-5,753
	Operating profit before depreciations and amortisation (EBITDA)	9,417	6,622	4,576
7	Depreciation and amortisation	-1,857	-1,510	-1,255
	Operating profit	7,560	5,112	3,321
10	Finance income	202	198	138
10	Finance expenses	-1,630	-836	-734
	Profit before tax	6,132	4,474	2,725
11	Tax	-1,804	-1,215	-729
	Profit for the year	4,328	3,259	1,996
	Earnings per share, EUR	1.6	1.2	0.8
	Diluted earnings per share, EUR	1.5	1.2	0.8

Consolidated financial statements 1 January – 31 December

Statement of other comprehensive income

Note	EUR'000	2017	2016	2015
	Profit for the year	4,328	3,259	1,996
	Other comprehensive income			
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
	Cash flow hedges – effective portion of changes in fair value	25	1	-110
	Exchange differences on translation of foreign operations	-14	31	-7
11	Income tax effect	-5	0	26
		6	32	-91
	Other comprehensive income/(loss) for the year, net of tax	6	32	-91
	Total comprehensive income	**4,334**	**3,291**	**1,905**

Consolidated financial statements 1 January – 31 December

Balance sheet

Note	EUR'000	2017	2016	2015	As at 1 January 2015
	ASSETS				
	Non-current assets				
12	Intangible assets	10,218	4,779	4,076	4,171
13	Property, plant and equipment	1,491	593	359	208
	Other receivables	180	113	101	106
11	Deferred tax asset	-	13	-	-
	Total non-current assets	11,889	5,498	4,536	4,485
	Current assets				
14	Inventory	33,364	19,741	8,736	4,095
15	Trade and other receivables	10,213	31,502	31,892	15,448
22	Cash and cash equivalents	1,041	1,422	281	961
	Total current assets	44,618	52,665	40,909	20,504
	TOTAL ASSETS	56,507	58,163	45,445	24,989
	EQUITY AND LIABILITIES				
	Equity				
16	Share capital	373	355	355	286
	Other reserves	-17	-23	-55	36
	Retained earnings	9,315	9,174	7,963	2,956
	Total equity	9,671	9,506	8,263	3,278
	Non-current liabilities				
11	Deferred tax liabilities	1,105	673	769	603
	Subordinated loan capital	-	-	-	2,687
	Other payables	952	67	-	-
	Total non-current liabilities	2,057	740	769	3,290
	Current liabilities				
20	Provisions	543	274	134	-
18	Borrowings	24,048	33,158	27,773	13,011
19	Trade payables	11,170	7,001	3,109	2,377
11	Income tax payable	1,254	1,796	678	175
	Other payables	7,764	5,688	4,719	2,858
	Total current liabilities	44,779	47,917	36,413	18,421
	Total liabilities	46,836	48,657	37,182	21,711
	TOTAL EQUITY AND LIABILITIES	56,507	58,163	45,445	24,989

Consolidated financial statements 1 January – 31 December

Cash flow statement

Note	EUR'000	2017	2016	2015
	Operating activities			
	Profit before tax	6,132	4,474	2,725
	Adjustments to reconcile profit before tax to net cash flows:			
7	Depreciation and amortisation	1,857	1,510	1,255
	Finance income	-202	-198	-138
	Finance expenses	1,630	836	734
	Working capital adjustments:			
	Non-cash items, net	583	1,505	449
21	Changes in working capital	14,172	-7,544	-18,602
	Interest received	202	180	138
	Interest paid	-1,439	-836	-669
	Income tax paid	-1,906	-193	-34
	Net cash flows from operating activities	**21,029**	**-266**	**-14,142**
	Investing activities			
12	Purchase of intangible assets	-3,938	-1,530	-1,039
13	Purchase of property, plant and equipment	-1,350	-509	-266
25	Business combinations	323	698	-
	Change in deposit	-52	-12	5
	Disposals, non-current assets	4	13	-
	Net cash flows used in investing activities	**-5,013**	**-1,340**	**-1,300**
	Financing activities			
	Proceed from exercise of warrants	287	-	-
	Change in deposits regarding bank agreement	-2,823	-	-
	Proceeds from factoring debt	133,288	159,584	100,696
	Repayment of factoring debt	-156,129	-157,883	-91,848
	Dividends paid to equity holders of the Parent	-4,751	-2,638	-
	Net cash flows from financing activities	**-30,128**	**-937**	**8,848**
	Cash flow for the year	-14,112	-2,543	-6,594
	Cash and cash equivalents and borrowings at 1 January	-8,895	-6,352	242
22	**Cash and cash equivalents and borrowings at 31 December**	**-23,007**	**-8,895**	**-6,352**

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

The reason for the positive development in operating cash flow and according the negative impact in finance cash flow is the new agreement of sales of receivables to the factoring company. Please see note 15 for further explanations of the new agreement.

Consolidated financial statements 1 January – 31 December

Statement of changes in equity in 2017

EUR'000	Share capital	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total
Equity 1 January 2017	**355**	**-47**	**24**	**9,174**	**9,506**
Total comprehensive income 2017					
Profit for the year	-	-	-	4,328	4,328
Other comprehensive income					
Cash flow hedges – effective portion of changes in fair value	-	25	-	-	25
Exchange differences on translation of foreign operations	-	-	-14	-	-14
Tax on other comprehensive income	-	-5	-	-	-5
Total other comprehensive income	**-**	**20**	**-14**	**-**	**6**
Total comprehensive income for the period	**-**	**20**	**-14**	**4,328**	**4,334**
Transactions with owners					
Dividends paid	-	-	-	-4,751	-4,751
Equity-settled share-based payments	-	-	-	295	295
Warrants exercised	18	-	-	269	287
Total transactions with owners	18	-	-	-4,187	-4,169
Equity 31 December 2017	**373**	**-27**	**10**	**9,315**	**9,671**

Consolidated financial statements 1 January – 31 December

Statement of changes in equity in 2016

EUR'000	Share capital	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total
Equity 1 January 2016	**355**	**-48**	**-7**	**7,963**	**8,263**
Total comprehensive income 2016					
Profit for the year	-	-	-	3,259	3,259
Other comprehensive income					
Cash flow hedges – effective portion of changes in fair value	-	1	-	-	1
Exchange differences on translation of foreign operations	-	-	31	-	31
Tax on other comprehensive income	-	0	-	-	0
Total other comprehensive income	**-**	**1**	**31**	**-**	**32**
Total comprehensive income for the period	**-**	**1**	**31**	**3,259**	**3,291**
Transactions with owners					
Dividends paid	-	-	-	-2,638	-2,638
Equity-settled share-based payments	-	-	-	589	589
Total transactions with owners	-	-	-	-2,049	-2,049
Equity 31 December 2016	**355**	**-47**	**24**	**9,174**	**9,506**

Consolidated financial statements 1 January – 31 December

Statement of changes in equity in 2015

EUR'000	Share capital	Cash flow hedge reserve	Foreign currency translation reserve	Retained earnings	Total
Equity 1 January 2015	**286**	**36**	**-**	**2,956**	**3,278**
Total comprehensive income 2015					
Profit for the year	-	-	-	1,996	1,996
Other comprehensive income					
Cash flow hedges – effective portion of changes in fair value	-	-110	-	-	-110
Exchange differences on translation of foreign operations	-	-	-7	-	-7
Tax on other comprehensive income	-	26	-	-	26
Total other comprehensive income	**-**	**-84**	**-7**	**-**	**-91**
Total comprehensive income for the period	**-**	**-84**	**-7**	**1,996**	**1,905**
Transactions with owners					
Equity-settled share-based payments	-	-	-	393	393
Capital increase	69	-	-	2,618	2,687
Total transactions with owners	69	-	-	3,011	3,080
Equity 31 December 2015	**355**	**-48**	**-7**	**7,963**	**8,263**

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

Abacus Medicine A/S is a private limited company registered in Denmark. The financial statements section of the annual report, for the period 1 January – 31 December 2017, comprises both the consolidated financial statements of Abacus Medicine A/S and its subsidiaries (the Group) and the separate Parent Company financial statements.

The consolidated financial statements for Abacus Medicine A/S for 2017 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements according to the Danish Financial Statements Act applying to large reporting class C entities.

The financial statements are prepared based on the standards and interpretations that are effective as of 31 December 2017. The consolidated income statement and the consolidated statement of financial positions separately present items that are considered individually significant or are required under the minimum presentation of IAS 1. When determining whether an item is individually significant, Abacus Medicine A/S considers both quantitative and qualitative factors. If the presentation or disclosure of an item is not decision-useful, the information is considered insignificant. Explanatory disclosure notes related to the consolidated financial statements are presented for individually significant items. Where separate presentation of a line item is made solely due to minimum presentation requirements in IAS 1, no further disclosures are provided in respect of that line item.

The Board of Directors and the Executive Board have on 30 May 2018 discussed and approved the annual report for Abacus Medicine A/S for 2017. The annual report will be presented to the shareholders of Abacus Medicine A/S for adoption at the annual general meeting on 30 May 2018.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). For all periods up to and including the year ended 31 December 2014, the Group prepared its financial statements in accordance with the Danish Financial Statements Act (Local GAAP). These financial statements for the year ended 31 December 2017 including the comparative numbers for 2016 and 2015 are the first the Group has prepared in accordance with IFRS as adopted by the EU and additional requirements according to the Danish Financial Statements Act. The impact of the transition is limited to the recognition of the warrant programme from 2015 in accordance with IFRS 2 Share based payments and the presentation of the receivables covered by factoring, which were presented as a net amount under Local GAAP, but are presented gross under IFRS. Refer to Note 31 for information on how the Group adopted IFRS.

The consolidated financial statements have been presented in euros, rounded to the nearest thousand (EUR'000).

Presentation currency

Management has elected to use euro as the Group's presentation currency, as they believe that this will provide the users of the annual report with the best view of the Group's activities. The financial statements are presented in euros for all periods disclosed within the financial statements.

Consolidated financial statements

The consolidated financial statements comprise the financial statements of Abacus Medicine A/S (the Parent) and the subsidiaries controlled by the Parent, as at 31 December 2017. The Group 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. Unrealised gains on transactions with associates are eliminated in proportion to the Group's interest in the entity.

Notes

1 Accounting policies (continued)

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated profit or loss until the date of disposal and settlement date.

The acquisition method is applied to acquisitions of new businesses over which Abacus Medicine A/S obtains control. The acquired businesses' identifiable assets and liabilities are measured at fair value at the acquisition date. Deferred tax related to the fair value adjustments in identified net assets is recognised.

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

Costs directly attributable to the acquisition are expensed as incurred.

Foreign currency translation

On initial recognition, foreign currency transactions are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the rate at the transaction date and the rate at the date of payment are recognised in profit or loss as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the date of the statement of financial position. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognised is recognised in profit or loss as financial income or financial expenses.

Foreign subsidiaries are seen as independent business units. The profit or loss is translated at an average exchange rate for the month, and the statement of financial position items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of such entities at closing rates, and on translation of profit or loss at average exchange rates to the closing rates, are recognised in other comprehensive income.

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 other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

Cash flow hedges

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions. The ineffective portion relating to foreign currency contracts is recognised within finance costs.

The effective portion of gains or losses on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss.

Amounts recognised within other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss.

Notes

1 Accounting policies (continued)

Income Statement

Revenue

Revenue from sale of goods is recognised in the income statement, provided that the risks and rewards have been transferred to the buyer, the income can be reliably measured and the revenue is expected to be received.

The buyer has, in some cases, the right of return prior to resale and delivery to a third party. The Group recognises revenue for this at the time of the physical delivery to the buyer, to the extent that it can reliably measure the value of goods that will not be returned after the statement of financial position date.

Revenue is measured at fair value of the agreed consideration, excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

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

Other external costs

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

Share-based payments

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 credit in the statement of profit or loss 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 (non-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.

Notes

1 Accounting policies (continued)

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 other comprehensive income.

The Parent Company is jointly taxed with its Danish Group entities including the Group Parent, Abacus Medicine Holding ApS, which 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.

Balance sheet

Intangible assets

Goodwill

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 impairment losses. Goodwill is tested for impairment as minimum yearly, and impairment losses charged in previous years cannot be reversed.

Notes

1 Accounting policies (continued)

Other intangible assets

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 less any expected residual value at the end of the useful life. The licenses are set with no residual value. Amortisation is provided on a straight-line basis over the expected useful lives of the assets and any residual value. 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 and IP rights are recognised in the balance sheet are measured at cost and subsequently at cost less accumulated amortisation and impairment losses.

Amortisation periods are as follows:

Licenses	5 - 8 years
Software	10 years
IP rights	10 years

The assets have no scrap value.

Other intangible assets (continued)

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.

Notes

1 Accounting policies (continued)

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:

Leasehold improvements	3 years
Other fixtures and fittings	2-5 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.

Notes

1 Accounting policies (continued)

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement. All lease agreements entered into by the Group have been classified as operating leases. The operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Services in connection with operating leases are recognised in the income statements on a straight-line basis over the lease term.

Impairment of non-current assets

Goodwill is not amortised and is accordingly subject to minimum an annual impairment test. The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment, other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted for individual assets, or Groups of assets, when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is determined as the present value of the anticipated net cash flows from the use of the asset or Group of assets.

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 and expenses in the form of external storage charges, 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.

Provisions are made for bad debts where there is objective evidence that a receivable or a portfolio of receivables have been impaired. 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.

Notes

1 Accounting policies (continued)

Cash & cash equivalents and borrowings

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand. For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

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 including. 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 "Corporation tax payable".

Notes

1 Accounting policies (continued)

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.

Fair value

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1 Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

Fair value measurements are based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

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 and cash equivalents and borrowings (bank overdraft) as well as the Group's cash and cash equivalents 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 flows from operating activities

Cash flows 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.

Notes

1 Accounting policies (continued)

Cash flows from investing activities

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

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of 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. Cash and cash equivalents comprise cash and bank overdrafts (borrowings).

Financial ratios

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines on the calculation of financial ratios
The financial ratios stated in the survey of financial highlights have been calculated as follows:

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Revenue growth	$\frac{\text{Current year revenue - prior year revenue}}{\text{Prior year revenue}}$
EBITDA margin	$\frac{\text{Operating profit excl. amortisation and depreciation (EBITDA) x 100}}{\text{Revenue}}$
Return on invested capital (ROIC)	$\frac{\text{Operating profit x 100}}{\text{Average invested capital}}$
Solvency ratio	$\frac{\text{Closing equity x 100}}{\text{Revenue}}$
Return on equity	$\frac{\text{Profit for the year after tax x 100}}{\text{Average equity}}$
EPS basic	$\frac{\text{Net profit}}{\text{Average number of shares outstanding}}$
EPS diluted	$\frac{\text{Net profit}}{\text{Average number of shares outstanding, including the dilutive effect of share options}}$

Notes

2 Significant accounting judgements, estimates and assumptions

Warrant programs

Estimating fair value for Warrant programs transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the share price of Abacus Medicine A/S at the grant date, the expected life of the warrant, volatility and dividend yield and making assumptions about them.

Abacus Medicine A/S has established a share plan in 2015, 2016 and 2017. The decision to grant warrants is made by the Board of Directors in accordance with the general guidelines. Warrants have been granted to members of the key management personnel and other employees in the company. For the 2015 and 2017 program, the employees only receive equity instruments. For the 2016 program the employees have the option to choose between equity instruments or cash. For the accounting principles, please refer to the section on "share based payments" in the accounting policies.

Sales return

The customers of the Group has the right to return the products. The provision for this is based on historical return patterns, and changes in actual return patterns will therefore impact gross profit at the time of the return.

Valuation of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives (licences, software and IP rights) are amortised over their useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as amortisation.

Intangible assets with indefinite useful lives (goodwill) are not amortised, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The estimated values of intangible assets are based on management estimations and assumptions and is by nature subject to uncertainty.

Inventory write-downs

The valuation of the inventory per the balance sheet date involves judgements and estimates on the provision for write-downs. The provision is based on the ageing of the products, i.e. the expiration date, and evaluation of the commercial possibilities of selling the products.

Notes

3 Segment information

The presentation of operating segments for the Group reflects the Group's management structure and is in line with the internal management reporting. Segment information is recognised and measured in accordance with IFRS.

The Management monitors the Group's operations as one segment on earnings, and on countries and products when monitoring revenue activities.

Geographical allocation of revenue and non-current operating assets

	2017		2016		2015	
EUR'000	Revenue	Non-current operating assets	Revenue	Non-current operating assets	Revenue	Non-current operating assets
Denmark	34,837	7,336	17,290	4,293	13,603	3,782
Sweden	39,893	-	40,078	-	28,748	-
Germany	149,893	-	102,939	-	61,914	-
The Netherlands	14,742	622	8,264	416	2,853	13
Other countries	13,691	3,751	9,279	663	4,766	640
	253,056	11,709	177,850	5,372	111,884	4,435

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

In 2015-17 the Group had one customer in the Danish and Swedish market with more than 10% of the Group revenue, and one customer in the German market with more than 10% of the Group revenue.

Revenue by product category

EUR'000	2017	2016	2015
Antineoplastic and immunomodulating agents	134,279	98,854	63,548
Nervous system	29,571	26,247	19,580
General antiinfectives for systemic use	24,611	21,841	10,112
Blood and blood forming organs	24,126	7,320	4,158
Genito urinary system and sex hormones	12,383	5,923	3,397
Cardiovascular system	6,673	4,662	2,712
Systematic hormonal prep, excluding sex hormones	6,306	3,633	2,630
Alimentary tract and metabolism	4,303	2,257	632
Respiratory system	3,398	2,388	1,552
Musculo-skeletal system	3,019	1,613	1,688
Sensory organs	1,496	622	121
Dermatologicals	1,073	603	50
Various	1,818	1,887	1,704
Total revenue	253,056	177,850	111,884

4 Revenue

Revenue only consists of sale of pharmaceutical goods.

Notes

5 Staff costs

EUR'000	2017	2016	2015
Wages and salaries	10,032	7,630	4,647
Pensions, defined contribution plans	990	714	513
Other social security costs	128	81	49
Other staff costs	826	699	320
Share-based payment expense	1,180	656	393
Total employee benefit expenses	**13,156**	**9,780**	**5,922**
Of which are capitalised as intangible assets	-300	-190	-169
Total employee benefit expense in the income statement	**12,856**	**9,590**	**5,753**
Average number of full-time employee	349	206	136

The below amounts are included in the total staff costs.

EUR'000	2017 Board of Directors and Management	2017 Key Management Personnel
Wages and salaries	556	1,229
Pensions, defined contribution plans	29	88
Share-based payments	-	1,180
Social security costs	1	5
Total	**586**	**2,502**
Average number	4	7

EUR'000	2016 Board of Directors and Management	2016 Key Management Personnel
Wages and salaries	569	877
Pensions, defined contribution plans	25	44
Share-based payments	-	656
Social security costs	1	2
Total	**595**	**1,579**
Average number	5	3

EUR'000	2015 Board of Directors and Management	2015 Key Management Personnel
Wages and salaries	384	441
Pensions, defined contribution plans	25	40
Share-based payments	-	393
Social security costs	1	2
Total	**410**	**876**
Average number	5	3

Key Management Personnel is defined as the members of daily management, and includes CFO, CLO, VPs and Directors.

Notes

5 Staff costs (continued)

Remuneration to the Key Management Personnel and other employees.

Remuneration to the Executive Board and Board of Directors represent EUR 586 thousand (2016: EUR 595 thousand, 2015: EUR 410 thousand). Warrant agreements with Key Management Personnel in the company has been entered into, however, not the Board of Directors and Executive Board. For further details on remuneration to Key Management Personnel, refer to note 6 regarding share-based payments.

6 Share-based payments

The decision to grant warrants to subscribe for shares in Abacus Medicine A/S is made by the Board of Directors in accordance with general guidelines on incentive pay for Abacus Medicine. Warrants have been granted to members of the Key Management Personnel and other employees in Abacus Medicine.

Warrant agreements entered in May 2015 allow those eligible to subscribe for up to 132,130 new shares of DKK 1 each in the Company. The right to subscribe the shares are based on average EBITDA to exceed DKK 40 million in 2017, if lower they were exercisable in 2018 The subscription price is EUR 2.2 (DKK 16.12) per share, corresponding to a potential subscription price of EUR 286 thousand. There are no settlement options to exercise in cash, and accordingly the programme is accounted for as an equity-settled program.

Warrant agreements entered in November 2016 allow those eligible to subscribe for up to 54,100 new shares of DKK 1 each in the Company. The right to subscribe the shares are based on the earnings of the company over the vesting period. The subscription price is EUR 12.9 (DKK 96.46) per share, Under the terms of the agreement the participants have a choice to subscribe for cash or take a cash alternative. As of the grant date the estimated value of the cash alternative was more favorable than the equity alternative, accordingly the warrants have been accounted for as a cash-settled scheme in its entity. Settlement and/or subscription must take place in June 2019.

Warrant agreements entered into in December 2017 allow those eligible to subscribe for up to 24,790 new shares of DKK 1 each in the Company. The right to subscribe the shares are based on the earnings of the company over the vesting period. The subscription price is EUR 13.2 (DKK 98.39) per share, corresponding to a total potential subscription price of EUR 328 thousand. This warrant agreement only allows to be settle with shares which must take place in June 2019. Since the program was initiated late December 2017, no expenses are recognized in 2017. The warrant scheme has been accounted for as an equity-settled program.

	2017	2016	2015
Equity-settled expense	295	589	393
Cash-settled expense	885	67	-
Total share-based payment expense	**1,180**	**656**	**393**

Notes

6 Share-based payments (continued)

Specification of outstanding share options

	Key Management Personnel	Other employees	Total number	Average exercise price per Option (EUR)
Outstanding at 1 January 2015	-	-	-	
Granted	132,130	-	132,130	2.2
Outstanding at 31 December 2015	132,130	-	132,130	
Granted	-	54,100	54,100	12.9
Outstanding at 31 December 2016	132,130	54,100	186,230	
Granted	-	24,790	24,790	13.2
Forfeited	-	-2,200	-2,200	
Exercised	-132,130	-	-132,130	2.2
Outstanding at 31 December 2017	**-**	**76,690**	**76,690**	
Exercisable 31 December 2017	-	-	-	

For options exercised in 2017 relating to the 2015 program, the average exercise price was EUR 2.2 per share at the exercise time. The fair value has been estimated to be EUR 12.8 per share at the date when the options were exercised.

Specification of outstanding warrants with cash settlement alternative

	Other employees (2016 program)	Total number	Average exercise price per Option (EUR)
Granted	54,100	54,100	12.9
Forfeited	-	-	
Exercised	-	-	
Expired	-	-	
Outstanding at 31 December 2016	54,100	54,100	
Granted	-	-	
Forfeited	-2,200	-2,200	
Exercised	-	-	
Expired	-	-	
Outstanding at 31 December 2017	**51,900**	**51,900**	
Exercisable at 31 December 2017	0	0	

Notes

6 Share-based payments (continued)

The average remaining contractual life for the share options outstanding at 31 December 2017 was 2 years (2016: 1 years, 2015: 2 years). The exercise prices are between EUR 12.9 – 13.2 per share option (2016: 2.2 – 12.9, 2015: 2.2).

In 2017, the expense in regards to share-based payments recognised in the income statement amounts to EUR 1,280 thousands (2016: EUR 656 thousands; 2015: EUR 393 thousands)

The following table list the inputs to the models used for the three plans for the years ended 31 December 2017, 2016 and 2015, respectively:

	2017
	Equity Settled
Weighted average fair values at measurement date	1.7
Weighted average share price	12.6
Exercise price	13.2
Expected volatility (%)	25%
Expected life of share options	30 months years
Dividend yield (%)	0.0%
Risk-free interest rate (%)	0.0%
Valuation method	Black-Scholes

The expected volatility reflects 25%, which is based on a peer Group median.

EUR'000	2017	2016	2015
Liability for cash-settled scheme	952	67	-
Of which vested (intrinsic value)	-	-	-
	952	67	-

7 Amortisation and depreciation

	2017	2016	2015
Amortisation, intangible assets	1,396	1,245	1,139
Depreciation, property, plant and equipment	461	265	116
Total	**1,857**	**1,510**	**1,255**

Amortisation on intangible assets of EUR 1,396 thousand (2016: EUR 1,245 thousand, 2015: EUR 1,139 thousand) is recognised in the income statement in the item depreciation and amortisations.

Notes

8 Fees paid to auditors appointed at the annual general meeting

Fees payable to the Group's auditor for the audit of the Group's financial statements and other non-audit services are specified as below.

EUR'000	2017	2016	2015
Audit	46	30	23
Other assurance engagements	1	-	-
Total audit related services	**47**	**30**	**23**
Tax consultancy	10	21	14
Other non-audit services	377	139	22
Total fee to EY	**434**	**190**	**59**

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

9 Investments in subsidiaries

Name	Registered office	Ownership 2017 and voting rights	Ownership 2016 and voting rights	Ownership 2015 and voting rights
Abacus Medicine Hungary KFT	Hungary	100%	100%	100%
Abacus Medicine B.V.	The Netherlands	100%	100%	100%
Abacus Medicine GmbH	Germany	100%	100%	100%
Abacus Medicine Berlin GmbH	Germany	100%	100%	100%
Abacus Medicine Ltd	United Kingdom	100%	100%	100%
Abacus Medicine Austria GmbH	Austria	100%	100%	-
Abacus Medicine France S.A.S	France	100%	100%	-
Abacus Medicine OY	Finland	100%	-	-
PharmaSave BVBA	Belgium	100%	-	-
Originalis B.V.	The Netherlands	100%	100%	-
Aposave ApS	Denmark	100%	-	-
Aposave Ltd.	United Kingdom	100%	-	-
Aposave Asia Ltd.	Hong Kong	100%	-	-
Aposave USA Inc.	USA	100%	-	-

Notes

10 Net finance costs

EUR'000	2017	2016	2015
Finance income			
Other finance income	202	180	138
Foreign exchange gains, net	-	18	-
Total finance income	**202**	**198**	**138**

Finance income related to balance sheet items recognised at amortised cost EUR 202 thousand (2016 EUR 180 thousand; 2015: EUR 138 thousand).

EUR'000	2017	2016	2015
Finance expenses			
Other finance costs	1,439	836	669
Foreign exchange loss, net	191	-	65
Total finance expenses	**1,630**	**836**	**734**

Finance expenses related to balance sheet items recognised at amortised cost EUR 1,439 thousand (2016 EUR 836 thousand; 2015: EUR 669 thousand).

11 Income tax

Income statement

EUR'000	2017	2016	2015
Current income tax			
Current income tax charge	1,354	1,311	589
Deferred tax			
Relating to origination and reversal of temporary difference	450	-96	140
Income tax expense reporting in the income statement	**1,804**	**1,215**	**729**

Notes

11 Income tax (continued)

Statement of other comprehensive income

EUR'000	2017	2016	2015
Deferred tax related to items recognised in other comprehensive income during the year			
Net gain/loss on revaluation of cash flow hedges	-5	0	26
Income tax recognised in other comprehensive income	**-5**	**0**	**26**

Tax on profit for the year can be explained as follows:

EUR'000	2017	2016	2015
Accounting profit before income tax			
Calculated 22% (2016: 22%; 2015: 23.5%) tax on profit for the year	1,349	984	640
Tax effect of:			
Deviation in foreign subsidiaries' tax rates compared with the Danish rate	131	45	28
Other non-deductible expenses, etc.	324	186	61
Total	**1,804**	**1,215**	**729**
Effective tax (%)	29.4%	27.2%	26.8%

Notes

11 Income tax (continued)

Deferred tax

EUR'000	2017	2016	2015
Deferred tax 1 January	-660	-769	-603
Deferred tax for the year recognised in profit for the year	-450	96	-140
Deferred tax for the year recognised in other comprehensive income	5	0	-26
Deferred tax for the year from acquisitions	-	13	-
Deferred tax 31 December	**-1,105**	**-660**	**-769**
Reflected in the statement of financial position as follows:			
Deferred tax assets	-	13	-
Deferred tax liabilities	-1,105	-673	-769
Deferred tax 31 December, net	**-1,105**	**-660**	**-769**

There are deferred tax assets relating to tax losses in the Group, which are insignificant.

	Consolidated statement of financial position		
EUR'000	2017	2016	2015
Deferred tax relates to:			
Intangible assets	-1,199	-888	-790
Property, plant and equipment	13	21	17
Trade and other receivables	2	12	22
Inventory	-	147	-
Other current assets	-40	-13	-18
Provisions	119	61	-
Total	**-1,105**	**-660**	**-769**

Notes

11 Income tax (continued)

Income tax payable

EUR'000	2017	2016	2015
Income tax payable 1 January	1,796	678	175
Current tax for the year	1,354	1,311	589
Exchange rate adjustments, interests etc.	10	0	-52
Corporation tax paid during the year	-1,906	-193	-34
Income tax payable 31 December	**1,254**	**1,796**	**678**

12 Intangible assets

EUR'000	Licenses and software	IP Rights	Goodwill	Total
Cost 1 January 2017	11,355	-	-	11,355
Currency translation	-5	-	-	-5
Additions	2,841	1,097	-	3,938
Additions from acquisition	-	-	2,905	2,905
Disposals	-4	-	-	-4
Cost 31 December 2017	14,187	1,097	2,905	18,189
Amortisation and impairment 1 January 2017	6,576	-	-	6,576
Currency translation	-1	-	-	-1
Amortisation	1,396	-	-	1,396
Depreciation and impairment 31 December 2017	7,971	-	-	7,971
Carrying amount 31 December 2017	**6,216**	**1,097**	**2,905**	**10,218**
Cost 1 January 2016	9,873	-	-	9,873
Currency translation	31	-	-	31
Additions	1,530	-	-	1,530
Additions from acquisition	409			409
Disposals	-488	-	-	-488
Cost 31 December 2016	11,355	-	-	11,355
Amortisation and impairment 1 January 2016	5,797	-	-	5,797
Currency translation	19	-	-	19
Amortisation	1,245	-	-	1,245
Disposals	-485	-	-	-485
Amortisation and impairment 31 December 2016	6,576	-	-	6,576
Carrying amount 31 December 2016	**4,779**	**-**	**-**	**4,779**

12 Intangible assets (continued)

EUR'000	Licenses and software	IP Rights	Goodwill	Total
Cost 1 January 2015	8,262	-	-	8,262
Re-classification	585	-	-	585
Currency translation	-13	-	-	-13
Additions	1,039	-	-	1,039
Cost 31 December 2015	9,873	-	-	9,873
Amortisation and impairment 1 January 2015	4,091	-	-	4,091
Re-classification	585			585
Currency translation	-18	-	-	-18
Amortisation	1,139	-	-	1,139
Depreciation and impairment 31 December 2015	5,797	-	-	5,797
Carrying amount 31 December 2015	**4,076**	**-**	**-**	**4,076**

Licenses and software are amortised over 5-10 years, and IP Rights are amortised over 10 years. There have been no indications of impairment of the intangible assets. There have not been any write-down of licenses and software in 2015-2017 as the main part of licenses and software are in use. IP rights relate to the DayDose brand.

Goodwill was recognised as a part of the acquisition of the Aposave entities on 21 December 2017, please see note 25 on business combinations. Since goodwill is not amortised, the carrying amount will as minimum annually be tested for impairment. The recoverable amount for 2017 has been determined as fair value, which is equal to the purchase price, as it has been assessed that there has not been significant changes to this since the acquisition date.

Notes

13 Property, plant and equipment

EUR'000	Leasehold improvements	Other fixtures and Fittings, plant and equipment	Total
Cost 1 January 2017	338	1,125	1,463
Currency translation	1	-1	-
Additions	119	1,231	1,350
Additions from acquisitions	-	14	14
Disposals	-8	-	-8
Cost 31 December 2017	450	2,369	2,819
Depreciation and impairment 1 January 2017	239	631	870
Depreciation	78	383	461
Disposals	-3	-	-3
Depreciation and impairment 31 December 2017	314	1,014	1,328
Carrying amount 31 December 2017	**136**	**1,355**	**1,491**
Cost 1 January 2016	273	692	965
Currency translation	-	1	1
Additions	65	444	509
Disposals	-	-12	-12
Cost 31 December 2016	338	1,125	1,463
Depreciation and impairment 1 January 2016	173	433	606
Depreciation	66	199	265
Disposals	-	-1	-1
Depreciation and impairment 31 December 2016	239	631	870
Carrying amount 31 December 2016	**99**	**494**	**593**

Notes

13 Property, plant and equipment (continued)

EUR'000	Leasehold improvements	Other fixtures and Fittings, plant and equipment	Total
Cost 1 January 2015	227	466	693
Currency translation	5	1	6
Additions	41	225	266
Cost 31 December 2015	273	692	965
Depreciation and impairment 1 January 2015	128	357	485
Currency translation	4	1	5
Depreciation	41	75	116
Depreciation and impairment 31 December 2015	173	433	606
Carrying amount 31 December 2015	**100**	**259**	**359**

There have been no indications of impairment of the tangible assets.

14 Inventories

EUR'000	2017	2016	2015
Materials and consumables	23,438	13,564	4,788
Repacked goods and goods for resale	9,926	6,177	3,948
Total inventories at the lower of cost and net realisable value	33,364	19,741	8,736

During 2017, EUR 629 thousand (2016: EUR 389 thousand, 2015: EUR 179 thousand) was recognised as an expense for inventories carried at net realisable value due to expired goods. This is recognised in cost of sales.

EUR'000	2017	2016	2015
Inventory write-downs at 1 January	1,206	179	593
Utilised and reversed during the year	-1,206	-179	-593
Additional write-downs during the year	629	1,206	179
Inventory write-downs at 31 December	629	1,206	179

15 Trade and other receivables

EUR'000	2017	2016	2015
Receivables from sales and services	5,962	6,142	8,571
Receivables from Group entities	-	-	61
Factoring	-	22,841	21,140
Deposits AL-Finans regarding factoring agreement	2,819	-	-
Other receivables	1,038	2,320	2,030
Prepayments	394	199	90
	10,213	31,502	31,892

The Groups customers are mainly distributors and pharmacies. The Management monitors payment patterns of the customers and estimates the need for write-downs. Credit ratings, insurance of customers and market-specific development are taken into account in order to assess the need for further write-down. Historically, Abacus Medicine A/S has not suffered any significant losses in 2015, 2016 or 2017, and the provision for bad debt is considered to be immaterial. There are no significant receivables which are overdue.

Notes

15 Trade and other receivables (continued)

Transfer of trade receivables

During 2017 the Group has entered into a programme for the sale of trade receivables full non-recourse terms to optimize working capital. The sold trade receivables are derecognised. At year end 2017 EUR 5,183 thousand has been derecognised with a due date after 31 December 2017. Prior to 2017 the Group had another agreement which did not transfer the risk and therefore did not allow to derecognise the trade receivable.

EUR'000	2017	2016	2015
Carrying amount of trade receivables transferred to a bank	5,962	28,983	29,711
Carrying amount of associated amounts received from bank	0	-22,841	-21,140
Total	**5,962**	**6,142**	**8,571**

16 Equity

Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the Parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 30% and 40% (end 2017: 17%, end 2016: 27%; end 2015: 34%). The Group includes within net debt, interest bearing borrowings, trade and other payables, less cash.

To achieve the overall objective, the Group's capital management, among other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches of the financial covenants of any interest-bearing borrowings in the current period. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2017, 2016 and 2015.

Equity

Issued shares

	Number				Nominal value (EUR)			
	2017	2016	2015	1 Jan 2015	2017	2016	2015	1 Jan 2015
1 January	2,642,617	2,642,617	2,128,378	2,128,378	354,714	354,714	285,688	285,688
Additions	132,130	-	514,239	-	17,735	-	69,026	-
31 December – fully paid	2,774,747	2,642,617	2,642,617	2,128,378	372,449	354,714	354,714	285,688

The share capital as of 31 December 2017 consist of 2,774,747 shares with a nominal value of 1 DKK (0.13 EUR) each. None of the shares are assigned with special rights.

Notes

17 Earnings per share and dividend

EUR	2017	2016	2015
Profit attributable to equity holders	**4,328**	**3,259**	**1,996**
Weighted average number of ordinary shares	2,708,682	2,642,617	2,385,498
Effect of share options	131,460	159,180	66,065
Weighted average number of ordinary shares adjusted for the effect of dilution	2,840,142	2,801,797	2,451,563
Basic earnings per share, EUR	1.6	1.2	0.8
Diluted earnings per share, EUR	1.5	1.2	0.8

There have been no transactions between the reporting date and the date of completion of the Annual Report involving shares that would have significantly changed the number of shares or potential shares in Abacus Medicine A/S.

Dividend are specified as below:

EUR'000	2017	2016	2015
Declared and paid during the year	4,751	2,638	-
Total	**4,751**	**2,638**	**-**

In general dividends are proposed for approval at the annual general meeting or approved and paid out during the year and therefore not recognised as a liability in the balance sheet.

Dividends on ordinary shares per share:			
Final dividend for the year:	1.71	0.95	-

18 Borrowings

EUR'000	2017	2016	2015
Non-current liabilities	-	-	-
Current liabilities			
Overdraft credit facility	24,048	10,317	6,633
Factoring	-	22,841	21,140
Carrying amount	24,048	33,158	27,773
Nominal amount	24,048	33,158	27,773

The company has an overdraft credit facility with Danske Bank, with a maximum credit limit of EUR 25.5 million (DKK 190 million), which has been increased by EUR 7.4 million to EUR 32.9 million (DKK 245 million) in March 2018. The overdraft facility has an actual annual interest of 2.3%. The interest rate is floating. The bank overdraft facility is to be renegotiated on a yearly basis.

Notes

18 Borrowings (continued)

Net financing cash flow

EUR'000	1 January 2017	Financing cash flow	Currency	31 December 2017
Factoring	22,841	-22,841	-	-
Borrowings from financing activities	22,841	-22,841	-	-

Net financing cash flow consist of proceeds from factoring of EUR 133,288 thousand and repayment of factoring debt of EUR 156,129 thousand.

19 Trade and other payables

EUR'000	2017	2016	2015
Trade payables	10,995	6,192	3,109
Payables to Group entities	175	809	-
Total	**11,170**	**7,001**	**3,109**

20 Provisions

	Return provisions
At 1 January 2017	274
Arising during the year	543
Utilised and reversed	-274
At 31 December 2017	543
Current	543
Non-current	-

Provisions comprise provisions for sold products expected to be returned in the coming year.

21 Change in working capital

EUR'000	2017	2016	2015
Change in inventory	-12,902	-11,472	-4,641
Change in receivables	24,488	1,431	-16,444
Change in trade payables etc.	2,586	2,497	2,483
Total	**14,172**	**-7,544**	**-18,602**

Notes

22 Cash and cash equivalents and borrowings

EUR'000	2017	2016	2015
Cash and cash equivalents	1,041	1,422	281
Bank overdraft	-24,048	-10,317	-6,633
Total	**-23,007**	**-8,895**	**-6,352**

23 Contractual obligations and contingencies etc.

Contingent liabilities

The Company is jointly taxed with the Parent Company and Danish entities within the Group, with Abacus Medicine Holding ApS as the administrative company. The Company is, together with the other companies in the Group, liable for corporate taxes and withholding taxes on dividends, interests and royalties.

24 Mortgage and collateral

Bank debt of EUR 24 million at 31 December 2017 within the Group has been secured by way of a pledge on all of the Group's existing as well as future receivables, totaling EUR 6.7 million (2016: EUR 4.0 million; 2015: EUR 4.0 million), in intangible assets, property, plant and equipment and inventories.

In addition, the shares in the subsidiary Abacus Medicine Hungary KFT, totaling EUR 1.0 million (2016: EUR 0.6 million; 2015: 0.6 million), have been provided as collateral. The receivable from Abacus Medicine Hungary KFT, totaling EUR 0.2 million (2016: EUR 0.1 million; 2015: EUR 0), have been provided assigned.

Any excess amounts from the factoring engagement have been put up as a secondary charge.

The Group has provided a supplier's guarantee of EUR 0.2 million (2016: EUR 0.2 million; 2015: EUR 0.2 million).

Notes

25 Business combinations

Acquisitions in 2017

Acquisition of Aposave UK, Hong Kong and US entities

On 21 December 2017, Abacus Medicine A/S established the company Aposave ApS, and acquired 100% of the voting shares of Aposave Ltd. (UK), Aposave Asia Ltd. (Hong Kong) and Aposave USA Inc. (USA). The Aposave entities sell unlicensed speciality medicine and orphan drugs globally, with a focus in regions where these medicines are either not licensed or in short supply. The vision is to become the household name for doctors and hospitals within the next five years. The synergies from the purchase is expected to come from the Abacus Medicine A/S sourcing network, as it is expected that Aposave can benefit from this. This is the main factor of the recognised goodwill. Goodwill is not tax deductible.

As consideration of the purchase, Abacus Medicine A/S paid EUR 0.8 million through a debt note to the sellers of the entities. There is no non-controlling interest in the acquired subsidiary.

The provisional assessment of the fair values of the identifiable assets and liabilities of the Aposave entities as at the date of acquisition were:

EUR'000	Aposave UK	Aposave Asia & US*	Total
Tangible assets	-	14	14
Inventories	50	-	50
Other receivables, non-current	15	-	15
Trade receivables	198	-	198
Other receivables, current	173	5	178
Cash and cash equivalents	310	13	323
Trade payables	-2,767	-158	-2,925
Other payables	-3	-	-3
Net assets acquired	**-2,024**	**-126**	**-2,150**
Goodwill	2,766	139	2,905
Consideration	**742**	**13**	**755**
Cash payment (debt note)	-742	-13	-755
Net cash acquired with the subsidiary	-310	-13	-323
Cash consideration	**-310**	**-13**	**-323**

*Purchase price allocation has been combined for the two entities

From the date of acquisition, the Aposave entities contributed EUR 0 of revenue and EUR 0 to profit before tax from operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been EUR 0.1 million and profit before tax from operations for the Group would have been EUR -0.2 million. There have been no significant transaction costs in connection with the acquisition.

Notes

25 Business combinations

Acquisitions in 2016

Acquisition of Originalis B.V.

On 31 December 2016, Abacus Medicine A/S acquired 100% of the voting shares of Originalis B.V. Originalis supplies parallel-distributed products across Europe, and mainly purchases the products from Abacus Medicine A/S and sells them mainly on the Dutch and UK markets. Together with Abacus Medicine A/S, Originalis will apply for and have ownership of the marketing authorisations which are needed for Originalis to be authorized to repack, market and sell the products. The Group expects synergies from the purchase from the joint network on the Dutch and UK markets.

As consideration of the purchase, Abacus Medicine A/S paid EUR 38 thousand to the former owners, please see the details in the table below. There is no non-controlling interest in the acquired subsidiary.

The fair values of the identifiable assets and liabilities of the Originalis entities as at the date of acquisition were:

EUR'000

	Total
Intangible assets	409
Inventories	204
Trade receivables	684
Other receivables, current	357
Deferred tax asset	13
Cash and cash equivalents	736
Trade payables	-2,342
Other liabilities	-23
Net assets acquired	**38**
Goodwill	-
Consideration	
Cash payment	38
Net cash acquired with the subsidiary	-736
Cash consideration	**-698**

From the date of acquisition, Originalis contributed EUR 0 of revenue and EUR 0 to profit before tax from operations of the Group. If the combination had taken place at the beginning of the year, revenue from continuing operations would have been EUR 12.2 million and profit before tax from operations for the Group would have been EUR 0.1 million. There have been no significant transaction costs in connection with the acquisition.

Notes

26 Financial risk and financial instruments

Risk management policy

The Group's principal financial liabilities, other than derivatives, comprise of borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors reviews and approves policies for managing each of these risks, which are summarised below.

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

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The Group sells products and purchases products in currencies other than EUR and is therefore exposed to a currency risk. The currency policy must ensure that the risk is hedged, either by buying and selling in the same currencies or by making use of financial hedging. At the same time, the currency policy must in an operational manner describe how the risk is assessed when a possible hedging is entered and who is responsible for entering into currency hedging agreements with the Group's bank.

Sales/receivables: The Group enters into sales agreements with customers, which will result in invoicing in DKK, EUR, SEK, NOK and GBP. It is considered not to be relevant to hedge sales in DKK, as DKK and EUR are close to each other and, in practice, a sale in EUR corresponds to a sale in DKK. The Group's sales in SEK and GBP are considered a risk, as the currencies historically have been unstable compared to EUR/DKK.

Purchase/payables: On the purchase side EUR is the main currency, but product and freight are also purchased in CZK, HUF, PLN, SEK, NOK and GBP, where SEK and GBP to some extent provides a natural hedge against the currency risk on the sales side. All the purchase currencies used have historically been volatile. In the medium and long term, a change in the value of these currencies will lead to an adjustment of the purchase prices in the local currencies, and thereby eliminating the currency risk. In the short term, i.e. from the date of invoice to the payment, the price is fixed in currency and an increase (strengthening) of these currencies will result in a loss. However, the time from delivery from and payment to the suppliers, is normally short, and therefore the currency risk exposure is limited. Accordingly the Group does not enter forward transactions.

Group Finance enter the hedges with the bank on the basis of confirmed customer orders or in some cases on the budgeted sales. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

26 Financial risk and financial instruments (continued)

Below is an illustration of the impact in EUR thousand on profit before tax from a change in the Group's primary foreign currencies.

		Profit before tax		
EUR'000	Change in exchange rate	2017	2016	2015
SEK	+5%	+2,154	+2,236	+1,563
GBP	+5%	-701	-259	-50

The analysis is based on sales and purchases in the given period, and keeps all other assumptions unchanged. A change in the exchange rate of the currencies will also impact the business in terms of the possibilities of purchase- and selling volumes.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's overdraft facility with Danske Bank with a credit limit of EUR 32.8 million (DKK 245 million) and the factoring agreement with AL Finans with a limit of EUR 56.9 million (DKK 425 million). The Group has not hedged interest rate risks.

A change in the interest rate by 1 percentage point in comparison to the interest rate at the balance sheet date would all other things equal affect the Group's profit or loss by EUR 0.5 million (2016: EUR 0.5 million; 2015: EUR 0.2 million) and equity after tax by EUR 0.5 million (2016: EUR 0.5 million; 2015: EUR 0.2 million).

Notes

26 Financial risk and financial instruments (continued)

Liquidity risk

Parallel import 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, which can be up to 2 months. This creates a liquidity requirement in the period between payment to suppliers and receipt of customer payments.

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

This objective is met through building and maintaining sound and trustworthy relationships with bank and factoring relationships which have resulted in the existence of sufficiently large credit lines for factoring and overdraft facilities. The Group has an overdraft credit facility at Danske Bank with a credit limit of EUR 32.8 million (DKK 245 million) and a factoring agreement with AL Finans with a limit of EUR 56.9 million (DKK 425 million). Factoring is chosen because it allows for financing of all sales invoices, where 100% of invoice amounts are paid to the Group no later than the day after the invoice has been issued.

Maturity analysis

2017 (EUR'000)	Contractual cash flows	< 1 year	1 - 3 years	3 to 5 years	>5 years
Non-derivative financial instruments					
Credit institutions and banks (overdraft facility)	24,048	24,048	-	-	-
Trade payables	11,170	11,170	-	-	-
Derivative financial instruments					
Exchange rate hedging	35	35	-	-	-
31 December 2017	**35,253**	**35,253**	**-**	**-**	**-**
2016 (EUR'000)					
Non-derivative financial instruments					
Credit institutions and banks (overdraft facility)	33,158	33,158	-	-	-
Trade payables	7,001	7,001	-	-	-
Derivative financial instruments					
Exchange rate hedging	60	60	-	-	-
31 December 2016	**40,219**	**40,219**	**-**	**-**	**-**

Notes

26 Financial risk and financial instruments (continued)

2015 (EUR'000)

Non-derivative financial instruments					
Credit institutions and banks (overdraft facility)	27,773	27,773	-	-	-
Trade payables	3,109	3,109	-	-	-
Derivative financial instruments					
Exchange rate hedging	61	61	-	-	-
31 December 2015	**30,943**	**30,943**	**-**	**-**	**-**

The disclosed financial derivative instruments in the above table are the net undiscounted cash flows. However, those amounts may be settled gross or net.

26 Financial risk and financial instruments (continued)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

The customers in the medical industry are in general considered to be very creditworthy, and the Group has historically not had any material write downs or losses on receivables. Accordingly, no allowance for bad debt has been made in the carrying amount of trade receivables in the balance sheet (2016: EUR 0; 2015 EUR 0). During 2015-2017 there has been no significant losses on trade receivables.

Categories of financial instruments

	Carrying amount			Fair value		
EUR'000	**2017**	**2016**	**2015**	**2017**	**2016**	**2015**
Financial assets measured at amortised cost						
Trade receivables	10,213	31,502	31,892	10,213	31,502	31,892
Cash and cash equivalents	1,041	1,422	281	1,041	1,422	281
Total	**11,254**	**32,924**	**32,173**	**11,254**	**32,924**	**32,173**
Financial liabilities at fair value – hedging instruments						
Derivative financial instruments	35	60	61	35	60	61
Total	**35**	**60**	**61**	**35**	**60**	**61**
Financial liabilities measured at amortised cost						
Borrowings	24,048	33,158	27,773	24,048	33,158	27,773
Trade payables	11,170	7,001	3,109	11,170	7,001	3,109
Total	**35,218**	**40,159**	**30,882**	**35,218**	**40,159**	**30,882**

Notes

26 Financial risk and financial instruments (continued)

Fair value hierarchy of financial instruments measured at fair value

2017

EUR'000	Observable input (Level 2)	Total
Derivative financial instruments	35	35
Financial liabilities	**35**	**35**

2016

EUR'000	Observable input (Level 2)	Total
Derivative financial instruments	60	60
Financial liabilities	**60**	**60**

2015

EUR'000	Observable input (Level 2)	Total
Derivative financial instruments	61	61
Financial liabilities	**61**	**61**

Notes

26 Financial risk and financial instruments (continued)

1 January 2015

EUR'000	Observable input (Level 2)	Total
Derivative financial instruments	47	47
Financial liabilities	**47**	**47**

Methods and assumptions for calculating fair value

The applied methods and assumptions for calculating the fair values of financial instruments is described for each class of financial instruments.

The Group uses hedging instruments to hedge non-recognised transactions. The Group's purchases are mainly in EUR. The Group's sales are effected in currencies other than EUR and DKK, which are partially hedged. At 31 December 2017, the Group had entered into forward contracts in SEK. SEK 27.4 million (EUR 2.7 million) has been hedged until mid-February 2018. At 31 December 2016 the Group entered into forward contracts in SEK and GBP. SEK 35.4 million (EUR 3.5 million) and GBP 1.6 million (EUR 1.9 million). At 31 December 2015 the Group entered into forward contracts in SEK of SEK 47.4 million (EUR 6.4 million)

The fair value of the forward contracts at 31 December 2017 totaled EUR 35 thousand (2016: EUR 60 thousand; 2015: 61 thousand), which has been recognised under "Other payables" and equity under the FX hedge reserve. The fair value assessment is based on the marked exchange rates (Level 2 input).

Cash flow hedging

Foreign currency risk

Derivatives designated as hedging instruments reflect the positive change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable forecast sales and purchases in other currencies than EUR, mainly SEK and GBP. The table below shows the timing of the nominal values of the Group's hedging items:

	Nominal value EUR'000	Expiry below 1 year EUR'000	Expiry 1-5 years EUR'000	Expiry above 5 years EUR'000
Financial instruments				
2017	2,700	2,700	-	-
2016	5,400	5,400	-	-
2015	6,362	6,362	-	-

Notes

27 Leases

Operating leases

The Group leases premises and printers under operating leases. The leasing period is typically between 0 and 5 years with the possibility of extending the contracts.

Non-cancellable operating leases are as follows:

EUR'000	2017	2016	2015
0-1 years	538	686	556
1-5 years	684	1,339	235
> 5 years	-	-	-
Total	**1,222**	**2,025**	**791**

For the year 2017, EUR 686 thousand (2016: EUR 556 thousand, 2015: EUR 482 thousand) has been recognised in the income statement in regards to operating leases as other external costs.

Notes

28 Related party disclosures

Controlling Influence

Abacus Medicine Holding ApS, Vesterbrogade 149, 1620 Copenhagen, Denmark, has a controlling interest in the Parent Company. Abacus Medicine Holding ApS also prepares consolidated financial statements. There are no other entities that have a significant shareholding in the Parent Company.

Abacus Medicine A/S carried through the following related party transactions in past three years:

EUR'000	2017	2016	2015	1 January 2015
Sale of goods to other related parties	568	11,593	30	-
Purchase from other related parties	547	313	-	-
Interest income from other related parties	127	120	-	-
Acquisition of IP rights from other related parties	1,097	-	-	-
Acquisition of shares in subsidiaries from other related parties	755	38	-	-
Receivables from other related parties	-	2,298	1,741	701
Receivables from Parent Company	-	-	61	28
Payables to other related parties	962	-	-	-
Payables to the Parent Company	175	809	-	-
Dividends to Parent Company	4,751	2,638	-	-

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2016: EUR 0; 2015: EUR 0; 1 January 2015: EUR 0). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Executives

The Group's related parties with significant influence includes the Company's Board of Directors and executives in the Parent Company, including these employees' family members, and entities in which these executives have a significant influence and the shareholders of Abacus Medicine A/S.

The remuneration to executives is disclosed in note 5.

29 Events after the reporting period

No events have occurred after the balance sheet date which could have a material effect on the Group's financial position at 31 December 2017.

Notes

30 Standards issued but not yet effective

The following new accounting standards and interpretations are not yet effective, but will be commencing on or after 1 January 2018.

IFRS 15 – Revenue from Contracts with Customers

Application Date:

1 January 2018

Summary of Impact on Financial Statements:

This standard modifies the determination of when to recognise revenue and how much revenue to recognise. The core principle is that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The principles in IFRS 15 must be applied using a five-step model:

1. Identify the contract(s) with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when (or as) the entity satisfies a performance obligation

The standard contractual arrangements across the Group's principal revenue streams have been analysed, particularly key terms and conditions which may impact revenue recognition. The Group sells medicines in Europe through what is generally known as parallel distribution or parallel import to wholesalers, pharmacies and hospitals. The Group has performed an assessment of IFRS 15. The analysis was performed based on reviews of current types of contracts and product mix in order to determine the impact of the new standard. The analysis shows that implementation of IFRS 15 will not have any material impact on the recognition and measurement of revenue.

The Group will apply the modified retrospective transition approach. Application of this approach does not result in the restatement of comparative information where applicable.

IFRS 9 – Financial Instruments

Application Date:

1 January 2018

Summary of Impact on Financial Statements:

This standard modifies the classification and measurement of financial assets. It includes:

- a single, principles-based approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held;
- a new expected credit loss impairment model requiring expected losses to be recognised when financial assets are first recognised; and
- a modification of hedge accounting to align the accounting treatment with risk management practices of an entity. This may result in the increased application of hedge accounting.

The Group is considering available options for transition.

The current portfolio consists trade receivables held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. As such, it is concluded that these meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification of these are not required.

30 Standards issued but not yet effective (continued)

IFRS 9 requires the Group to record expected credit losses on trade receivables, either on a 12-month or lifetime basis. the Group will apply the simplified approach and record lifetime expected losses on all trade receivables. Based on the historical low realised loss on trade receivables close to zero, the new approach will not have a significant impact on the consolidated financial statements.

The Group has determined that all existing hedge relationships that are currently designated as effective hedging relationships will continue to qualify for hedge accounting under IFRS 9. While IFRS 9 changes the accounting treatment for cost of hedging, hedge of risk components etc., the Group does not currently have any hedging relationships which will be impacted by the changes to the hedge accounting requirements. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, applying the hedging requirements of IFRS 9 will not have a significant impact on the consolidated financial statements.

IFRS 16 – Leases

Application Date:

1 January 2019

Summary of Impact on Financial Statements:

This standard requires lessees to account for leases under an on-balance sheet model, with the distinction between operating and finance leases being removed. The standard provides certain exemptions from recognising leases on the balance sheet, including where the underlying asset is of low value or the lease term is 12 months or less.

Under the new standard, the Group will be required to:

- recognise right of use lease assets and lease liabilities on the balance sheet. Liabilities are measured based on the present value of future lease payments over the lease term. The right of use lease asset generally reflects the lease liability;
- recognise depreciation of right of use lease assets and interest on lease liabilities over the lease term; and
- separately present the principal amount of cash paid and interest in the cash flow statement as a financing activity.

The Group has commenced work to understand the impact of the new standard and is considering available options for transition. The Group lease agreements mainly relate to lease of the headquarter premises in Copenhagen (Denmark) and the production site in Budapest (Hungary).

If IFRS 16 were implemented in 2017, EBITDA would increase with approx. EUR 0.5 million and depreciation and interest world increase similar with approx. EUR 0.5 million. Net impact close to zero. The assets and liabilities would increase with approx. EUR 0.9 million.

Notes

31 Impact of transition to IFRS

These consolidated financial statements for the year ended 31 December 2017 with comparative figures for 2016 and 2015, are the first set of consolidated financial statements prepared in accordance with IFRS adopted by the EU and additional requirements according to the Danish Financial Statements Atc. For periods up to and including the year ended 31 December 2016, Abacus Medicine A/S did not prepare consolidated financial statements but only financial statements for the Parent Company, which was prepared in accordance with the Danish Financial Statements Act. Cash flow statement has previously not been prepared on consolidated level, but if it had been prepared in accordance with Local GAAP the impact compared to IFRS would be affected by different accounting treatment of the factoring agreement in 2015 and 2016, which will be a presentation between operating and financing cash flow.

Exemptions

IFRS 1 allows first-time adopters certain exemptions and exceptions from the retrospective application of certain requirements under IFRS. For the purpose of preparing these financial statements, the Group have applied the following exceptions:

Under Local GAAP, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations with EUR as functional currency are deemed to be zero as at 1 January 2015 and the resulting adjustment was recognised against retained earnings.

Notes

31 Impact of transition to IFRS (continued)

Balance Sheet 1 January 2015

Note	EUR'000	DK GAAP*	Effect of transition to IFRS	IFRS 1 January 2015
	ASSETS			
	Non-current assets			
	Intangible assets	4,171	-	4,171
	Property, plant and equipment	208	-	208
	Other receivables	106	-	106
	Total non-current assets	4,485	-	4,485
	Current assets			
	Inventory	4,095	-	4,095
C	Trade and other receivables	3,156	12,292	15,448
	Cash and cash equivalents	961	-	961
	Total current assets	8,212	12,292	20,504
	TOTAL ASSETS	12,697	12,292	24,989
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	286	-	286
B	Other reserves	18	18	36
B	Retained earnings	2,974	-18	2,956
	Total equity	3,278	-	3,278
	Non-current liabilities			
	Deferred tax liabilities	603	-	603
	Subordinated loan capital	2,687	-	2,687
	Total non-current liabilities	3,290	-	3,290
	Current liabilities			
C	Borrowings	719	12,292	13,011
	Trade payables	2,377	-	2,377
	Income tax payable	175	-	175
	Other payables	2,858	-	2,858
	Total current liabilities	6,129	12,292	18,421
	Total liabilities	9,419	12,292	21,711
	TOTAL EQUITY AND LIABILITIES	12,697	12,292	24,989

*As consolidated financial statement has not been prepared for Abacus Medicine A/S previously the conversion is based on not published consolidation of financial information recognised and measured in accordance with the Danish Financial Statements Act.

Notes

31 Impact of transition to IFRS (continued)

Balance Sheet 31 December 2015

Note	EUR'000	DK GAAP*	Effect of transition to IFRS	IFRS 31 December 2015
	ASSETS			
	Non-current assets			
	Intangible assets	4,076	-	4,076
	Property, plant and equipment	359	-	359
	Other receivables	101	-	101
	Total non-current assets	4,536	-	4,536
	Current assets			
	Inventory	8,736	-	8,736
C	Trade and other receivables	10,752	21,140	31,892
	Cash and cash equivalents	281	-	281
	Total current assets	19,769	21,140	40,909
	TOTAL ASSETS	24,305	21,140	45,445
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	355	-	355
B	Other reserves	-63	8	-55
B	Retained earnings	7,971	-8	7,963
	Total equity	8,263	-	8,263
	Non-current liabilities			
	Deferred tax liabilities	769	-	769
	Total non-current liabilities	769	-	769
	Current liabilities			
	Provisions	134	-	134
C	Borrowings	6,633	21,140	27,773
	Trade payables	3,109	-	3,109
	Income tax payable	678	-	678
	Other payables	4,719	-	4,719
	Total current liabilities	15,273	21,140	36,413
	Total liabilities	16,042	21,140	37,182
	TOTAL EQUITY AND LIABILITIES	24,305	21,140	45,445

*As consolidated financial statement has not been prepared for Abacus Medicine A/S previously the conversion is based on not published consolidation of financial information recognised and measured in accordance with the Danish Financial Statements Act.

Notes

31 Impact of transition to IFRS (continued)

Balance Sheet 31 December 2016

Note	EUR'000	DK GAAP*	Effect of transition to IFRS	IFRS 31 December 2016
	ASSETS			
	Non-current assets			
	Intangible assets	4,779	-	4,779
	Property, plant and equipment	593	-	593
	Other receivables	113	-	113
	Deferred tax asset	13	-	13
	Total non-current assets	5,498	-	5,498
	Current assets			
	Inventory	19,741	-	19,741
C	Trade and other receivables	8,661	22,841	31,502
	Cash and cash equivalents	1,422	-	1,422
	Total current assets	29,824	22,841	52,665
	TOTAL ASSETS	35,322	22,841	58,163
		35322		
	EQUITY AND LIABILITIES			
	Equity			
	Share capital	355	-	355
B	Other reserves	-32	9	-23
B	Retained earnings	9,183	-9	9,174
	Total equity	9,506	-	9,506
	Non-current liabilities			
	Deferred tax liabilities	673	-	673
	Other payables	67	-	67
	Total non-current liabilities	740	-	740
	Current liabilities			
	Provisions	274	-	274
C	Borrowings	10,317	22,841	33,158
	Trade payables	7,001	-	7,001
	Income tax payable	1,796	-	1,796
	Other payables	5,688	-	5,688
	Total current liabilities	25,076	22,841	47,917
	Total liabilities	25,816	22,841	48,657
	TOTAL EQUITY AND LIABILITIES	35,322	22,841	58,163

*As consolidated financial statement has not been prepared for Abacus Medicine A/S previously the conversion is based on not published consolidation of financial information recognised and measured in accordance with the Danish Financial Statements Act.

Notes

31 Impact of transition to IFRS (continued)

Income statement 2015

Note	EUR'000	DK GAAP*	Effect of transition to IFRS	IFRS 1 January – 31 December 2015
	Revenue	111,884	-	111,884
	Cost of sales	-98,894	-	-98,894
	Product profit	**12,990**	**-**	**12,990**
	Other external costs	-2,661	-	-2,661
	Gross profit	**10,329**	**-**	**10,329**
A	Staff costs	-5,360	-393	-5,753
	Operating profit before depreciations and amortisation (EBITDA)	**4,969**	**-393**	**4,576**
	Depreciation and amortisation	-1,255	-	-1,255
	Operating profit	**3,714**	**-393**	**3,321**
	Finance income	138	-	138
	Finance expenses	-734	-	-734
	Profit before tax	**3,118**	**-393**	**2,725**
	Tax	-729	-	-729
	Profit for the year	**2,389**	**-393**	**1,996**

Note	EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 1 January – 31 December 2015
	Profit for the year	2,389	-393	1,996
	Other comprehensive income			
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
	Cash flow hedges – effective portion of changes in fair value	-	-110	-110
	Exchange differences on translation of foreign operations	-	-7	-7
	Income tax effect	-	26	26
	Total	**-**	**-91**	**-91**
	Other comprehensive income/(loss) for the year, net of tax	-	-91	-91
	Total comprehensive income	**2,389**	**-484**	**1,905**

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Notes

31 Impact of transition to IFRS (continued)

Income statement 2016

Note	EUR'000	DK GAAP*	Effect of transition to IFRS	IFRS 1 January – 31 December 2016
	Revenue	177,850	-	177,850
	Cost of sales	-157,185	-	-157,185
	Product profit	**20,665**	**-**	**20,665**
	Other external costs	-4,453	-	-4,453
	Gross profit	**16,212**	**-**	**16,212**
A	Staff costs	-9,001	-589	-9,590
	Operating profit before depreciations and amortisation (EBITDA)	**7,211**	**-589**	**6,622**
	Depreciation and amortisation	-1,510	-	-1,510
	Operating profit	**5,701**	**-589**	**5,112**
	Finance income	198	-	198
	Finance expenses	-836	-	-836
	Profit before tax	**5,063**	**-589**	**4,474**
	Tax	-1,215	-	-1,215
	Profit for the year	**3,848**	**-589**	**3,259**

Note	EUR'000	DK GAAP	Effect of transition to IFRS	IFRS 1 January – 31 December 2016
	Profit for the year	3,848	-589	3,259
	Other comprehensive income			
	Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
	Cash flow hedges – effective portion of changes in fair value	-	1	1
	Exchange differences on translation of foreign operations	-	31	31
	Income tax effect	-	0	0
	Total	**-**	**32**	**32**
	Other comprehensive income/(loss) for the year, net of tax	-	32	32
	Total comprehensive income	**3,848**	**-557**	**3,291**

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Notes

31 Impact of transition to IFRS (continued)

Notes to the reconciliation of equity for the period 1 January 2015 - 31 December 2016 and total comprehensive income for the period 1 January 2015 - 31 December 2016.

A Warrant program

Under Local GAAP, the Group did not recognise equity-settled programs, which are being recognised as staff costs under IFRS. IFRS requires the fair value of the warrant programs to be determined using an appropriate pricing model recognised over the vesting period. An additional expense of EUR 295 thousand has been recognised in profit or loss for the year ended 31 December 2017 (2016: EUR 589 thousand; 2015: EUR 393 thousand). The warrant programs have been recognised as a separate component of equity against retained earnings.

B Foreign currency translation

Under Local GAAP, the Group recognised translation differences on foreign operations in a separate component of equity. Cumulative currency translation differences for all foreign operations are deemed to be zero as at 1 January 2015 and the resulting adjustment was recognised against retained earnings.

C Reclassification of accounts receivable

According to Local GAAP the receivables covered by factoring was presented net. These receivables from customers and payables to the bank are presented gross under IFRS due to the fact that risk and rewards has not been transferred to the factoring company.