



ABACUS MEDICINE



Annual report

2023

Abacus Medicine A/S, Kalvebod Brygge 35,
1560 Copenhagen V, Denmark, CVR no. 28 11 15 76



Purpose

We improve global healthcare through better access to medicine



Visit our website
abacusmedicinegroup.com

It does not matter how good and efficient a specific medicine is, if the patient does not have access to it.

Universal access to affordable vaccines and medicines remains a distant dream. Life-saving medicines are frequently in short supply across the European countries which are the main markets of the Abacus Medicine Group. The Abacus Medicine Group provides substantial savings to society and patients, and additionally helps to mitigate shortages through a flexible and fast supply chain so that

excess medicine in one EU member state can be channelled to member states with shortages.

Because the problems are multifaceted, so are the solutions we apply. We are united by the common purpose of improving access to modern, efficient medicine for everyone.

**We are innovative,
dedicated, and we care.**



At a glance

The Abacus Medicine Group supplies prescription medicine to millions of patients across the world. **We improve global healthcare by giving people better access to medicine** and are among the 100 largest Danish companies.

We are established as one of the market leaders in **pharma trading** in Europe. We are growing within **pharmaceutical services** and also operate as a **pharmaceutical wholesaler**.

In 2023, we supplied more than

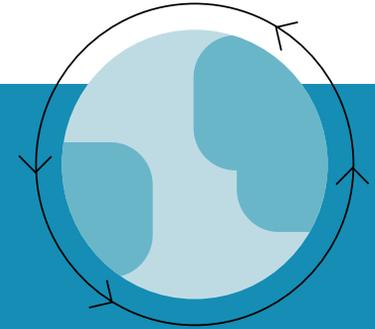
28,000,000

packs of medicine

We delivered medicine to

40

countries around the world in 2023



The number of employees in the Group increased by 3.5% to

1,324

at year-end

The Employee Engagement score improved to

3.2

out of 4 in overall score

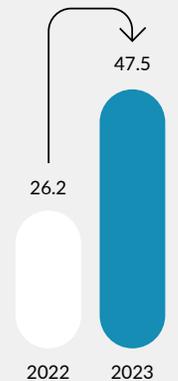
Revenue
EURm

18%



EBITDA
EURm

82%





Letter from the Chairman and CEO

The plan is working. In a year of milestones, we delivered record financial results, developed and launched an updated and ambitious strategy and continued to invest for the future.

The Abacus Medicine Group stands for business innovation in healthcare where challenges abound. Costs are rising as ageing populations require ever more treatment with innovative, but often expensive medicines.

The Abacus Medicine Group is part of the solution. We provide better access to medicine in a number of different ways while also providing substantial savings.

Through pan-European trading we provide better availability of medicine and at a lower cost. We offer services that help pharmaceutical companies bring their treatments to markets faster and in more countries. In our



Niels Smedegaard
Chairman of the Board of Directors

Flemming Wagner
CEO and co-founder



wholesale division we explore new ways of making medicine distribution easier, including direct-to-patient deliveries.

In 2023, we launched our updated strategy, Access26. Our goals are clear and ambitious: by entering new markets and developing new services, we will improve healthcare and give even more people better access to medicine.

Putting people at the heart of our strategy

To deliver on our strategic goals, we will invest in the organisation, our managers and our employees. Among our priorities are:

- Diversity & Inclusion, Collaboration and Empowerment
- Learning & Development
- Employer Branding and Talent Acquisition

In 2023, all employees participated in workshops on Collaboration, and all managers were furthermore enrolled in a comprehensive Diversity & Inclusion Leadership training programme.

In 2024, we will expand our framework for Learning & Development to offer employees more digital online learning opportunities.

We have also devoted significant resources to clarifying our Employer Brand. This will help us communicate why the Abacus Medicine Group is the right place to work and develop your career.

A strong Employer Brand further acts as a lever for Talent Acquisition. This is another area we are prioritising as we look to expand the organisation and hire many new employees in the coming strategy period.

A common foundation for digital excellence

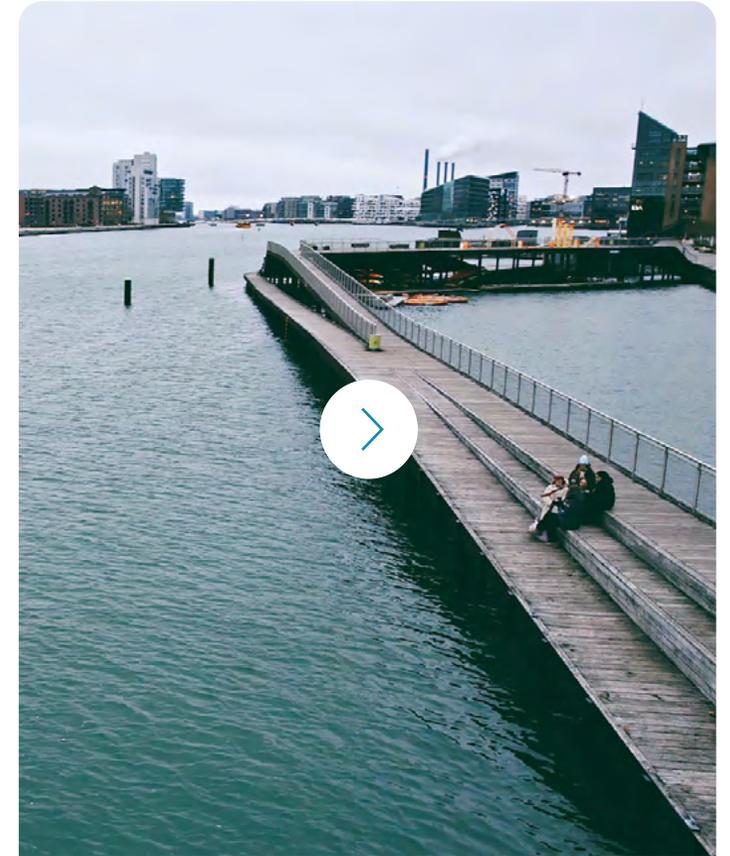
We will also invest heavily in our digital infrastructure, including the use of AI and machine learning tools. Having migrated most of our IT applications to cloud-based solutions, we are now accelerating our efforts to build a common, digital foundation across the Group's many and varied business activities.

In 2024, we will reconfigure important parts of the very core of our operations when we adopt a new, standardised data model. This will ensure a more efficient and scalable production and inventory management. We consider this an essential step to deliver on the ambitious targets set in the Access26 strategy.

A year of milestones

The Abacus Medicine Group made substantial progress on numerous fronts this year. The record-breaking financial results of 2023 are a testament to our business model and to the dedicated efforts of all employees.

On behalf of the Board of Directors and the Chief Executive Management Team, we extend our gratitude. We have every reason to look to 2024 and beyond with excitement, optimism and hope.



→ [Video: Experience life and work at the Abacus Medicine Group through the eyes of six employees from Hungary, the Netherlands and Denmark.](#)

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Sustainability

We measure our progress to set targets and find areas to improve. See the updated ESG scores.

[Read more on page 13](#)



Risk Management

We carefully monitor and assess potential risks on an ongoing basis.

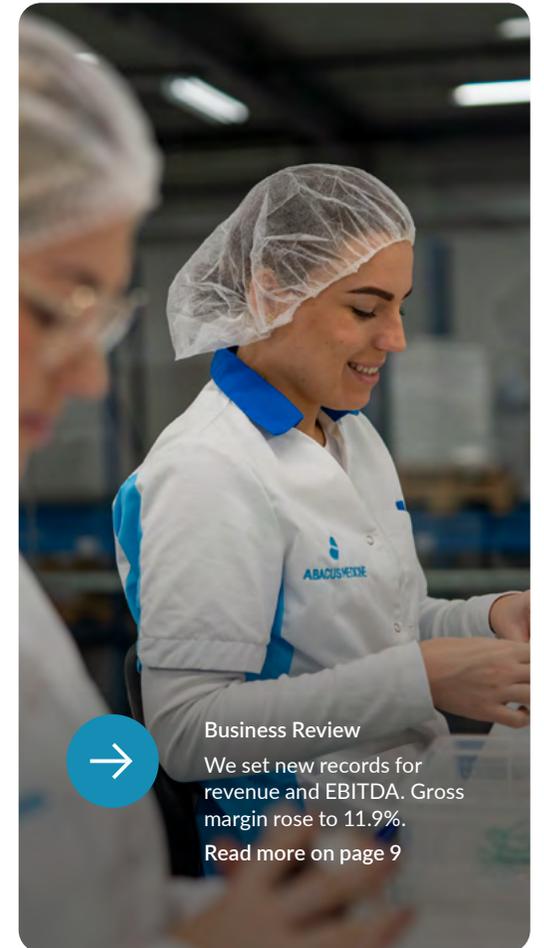
[Read more on page 28](#)



Business Review

We set new records for revenue and EBITDA. Gross margin rose to 11.9%.

[Read more on page 9](#)





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The big picture

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The big picture

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Financial highlights for the Group

In EUR'000, except for per share data	2023	2022	2021	2020*	2019
KEY FIGURES					
Revenue	1,210,354	1,023,978	940,740	663,501	421,445
Gross profit	144,128	105,542	81,535	67,557	50,038
Operating profit before depreciation, amortisation and special items (adjusted EBITDA)	47,510	26,161	16,562	12,959	14,753
Special items	-	-	-	-476	-4,104
Operating profit before depreciation and amortisation (EBITDA)	47,510	26,161	16,562	12,483	10,649
Operating profit (EBIT)	35,566	14,724	6,404	5,347	5,400
Net finance costs	-13,013	-6,093	-4,324	-3,929	-2,823
Profit before tax	25,686	8,510	2,063	1,337	2,577
Profit for the year	20,042	5,819	415	433	829
Non-current assets	60,082	58,248	57,914	51,020	24,868
Current assets	258,858	174,728	157,662	168,507	102,096
Total assets	318,940	232,976	215,576	219,527	126,964
Portion relating to investments in items of property, plant and equipment	10,547	10,432	10,968	11,344	3,269
Portion relating to investments in intangible assets	36,669	33,148	32,440	30,130	17,836
Equity	80,866	60,991	54,646	53,024	51,616
Non-current liabilities	8,872	13,957	16,661	8,167	4,563
Current liabilities	229,202	158,028	144,269	158,336	70,785
Cash flow from operating activities	-13,919	30,399	31,405	-12,651	-31,839
Cash flow from investing activities	-7,515	-8,687	-9,597	-8,968	-8,465
Portion relating to intangible assets	-6,589	-6,635	-7,354	-6,858	-6,398
Portion relating to tangible assets	-2,081	-1,973	-2,327	-2,031	-1,946
Cash flow from financing activities	14,728	-15,508	-18,138	19,862	40,933
Total cash flow	-6,706	6,204	3,670	-1,757	629

In EUR'000, except for per share data	2023	2022	2021	2020*	2019
FINANCIAL RATIOS					
Revenue growth	18.2%	8.8%	41.8%	57.4%	26.8%
Gross margin	11.9%	10.3%	8.7%	10.2%	11.9%
Adjusted EBITDA margin	3.9%	2.6%	1.8%	2.0%	3.5%
EBITDA margin	3.9%	2.6%	1.8%	1.9%	2.5%
Operating profit (EBIT) margin	2.9%	1.4%	0.7%	0.8%	1.3%
Return on invested capital (ROIC)	22.3%	9.4%	1.1%	1.7%	2.9%
Adjusted return on invested capital (Adjusted ROIC)	22.3%	9.4%	1.1%	2.8%	11.7%
Solvency ratio	25.4%	26.2%	25.3%	24.2%	40.7%
Return on equity	28.3%	10.1%	0.8%	0.8%	2.5%
Earnings per share, EUR	1.9	0.6	0.0	0.0	0.1
Diluted earnings per share, EUR	1.9	0.5	0.0	0.0	0.1
OTHER FIGURES					
Number of employees at year-end	1,324	1,279	1,148	1,073	770
Average number of full-time employees	1,196	1,140	1,052	912	618
Invested capital	147,093	101,531	113,013	127,825	81,967
Net interest-bearing debt	66,227	40,540	58,367	74,801	29,269
Marketing authorisations (licences)	9,902	9,364	8,162	6,224	4,354

* Figures relating to Pluripharm are consolidated as from 29 July 2020.

Financial ratios are calculated in accordance with the definitions in section "Definition of key figures and ratios". The calculation of Earnings per share and Diluted earnings per share is based on the guidance in IAS 33.



Business Review

We soundly exceeded our guidance ranges for revenue and profitability. High market demand coupled with diligent business execution made 2023 a record year.

The Abacus Medicine Group delivered above and beyond expectations in 2023.

After we upgraded our full-year outlook in September based on strong performance in the first part of the year, we picked up further momentum in the second half and exceeded our guidance ranges for both revenue and profitability.

The record-breaking performance was driven by strong growth in revenue and profitability in the Pharma Trading division (our parallel import business), moderate growth in Pharma Services and strong profitability growth in Pharma Wholesale. 2023 was the year in which we successfully completed the turnaround of Pluripharm, our Dutch wholesale business.

Group revenue EURm



Revenue for the Group grew organically by 18% to EUR 1,210 million. The result was rooted in a combination of solid commercial execution and high demand from core sales markets.

Profitability measured by EBITDA improved even more: by 82% to EUR 47.5 million in 2023 from 26.2 million in 2022. This corresponds to an EBITDA margin of 3.9% in 2023 against 2.6%

in 2022. In achieving this growth, we continued our trajectory of increasing profitability, and our EBITDA margin is now the highest in the latest 5-year period.

Group EBITDA EURm



Raising our margins and profitability is a strategic priority. Throughout the year, we invested in hiring skilled employees to steward our growing product portfolio and equipped them with new and advanced digital tools designed for the job. The number of employees in the Group at year-end rose by 3.5% from

1,279 to 1,324. Compared to revenue growth of 18% and EBITDA growth of 82%, we see clear advantages of scale and efficiency gains in the organisation.

Rising interest rates had a direct negative impact in 2023. Net finance costs for the Group more than doubled to EUR 13.0 million from EUR 6.1 million the year before.

Profit for the year was EUR 20.0 million. By far our best result ever.



Well prepared for the future

The excellent result for the year marks a promising start for the Group's updated strategy, Access26, which we launched this year. Financially, our strategic ambitions until the end of 2026 are yearly double-digit revenue growth on average and profitability that will rise at an even higher rate. We fully achieved this goal in 2023 to a degree where we find ourselves slightly ahead of the plan.

[→ Read more about our Access26 strategy on page 21](#)

The strong business momentum and continued high investments in our people and digital infrastructure sets the Abacus Medicine Group well on course for future profitable growth.

Pharma Trading and Pharma Services

Combined revenue in the Pharma Trading and Pharma Services divisions grew organically by 22% to EUR 876 million from EUR 719 million the year before. This was above our upgraded Outlook for the year. The upscaling and upskilling of capacity surrounding our core trading activities in combination with a higher-than-expected market demand across Europe have been a major driver of the strong growth.

A prerequisite for continued robust revenue growth is our ability to increase production volumes. In 2023, we began implementing new ways of working in our Production and restructured our global Quality Assurance function. We saw the first positive effects of this in 2023 and will continue the comprehensive change and development programme in 2024 where we expect to realise more gains in both production efficiency and capacity.

Gross profit from Pharma Trading and Pharma Services grew to EUR 118.3 million from EUR 86.6 million last year. Commercial execution was particularly strong in the Pharma Trading business. Our teams successfully derived advantage from our large product portfolio of now 9,902 marketing licenses across purchasing, price-setting and complex product allocation for multiple markets. In doing so, we increased EBITDA significantly to EUR 42.2 million from EUR 25.8 million in 2022.

We believe there are further opportunities for raising profitability available to us in the years to come.

Pharma Wholesale

Revenue in the Pharma Wholesale division grew organically by a healthy 13% to EUR 367 million. We did well to navigate changing market conditions in the very competitive Dutch medicine wholesale market and signed new contracts with many customers and suppliers.

In 2023, we also took profitability in the Pharma Wholesale division to an entirely new level. EBITDA grew to EUR 5.3 million from EUR 377 thousand in 2022. By delivering 11% of the total EBITDA for the Group in 2023, the Pharma Wholesale division is establishing itself as an important contributor to the value creation of the Abacus Medicine Group. Going forward, this will have the positive effect of making the combined business of the Group more balanced. By returning the wholesale operations, which are the core business of Pluripharm, to being healthy and profitable, the Pharma Wholesale division now has a sound foundation for accelerating business innovation and geographical expansion.

Pluripharm has a wealth of expertise and offerings that can help pharmacies develop their business. One example is our central fill operations in Alkmaar in the Netherlands where prescriptions are filled and medicine is dispensed at a central location instead of at each individual pharmacy. The centralised approach improves efficiency and reduces costs for pharmacies. We are also exploring opportunities for making a suite of attractive, digital solutions available as a service to our pharmacy customers.



The turnaround of Pluripharm

We celebrated a particular success in 2023 by completing the turnaround of the Pluripharm business. When the Abacus Medicine Group acquired the Dutch wholesaler Pluripharm Group in 2020, Pluripharm was loss-making, but after a dedicated and persistent effort, the company is now profitable again.

Léon Tinke, CEO of Pluripharm, describes the journey as follows:

“Over the last three and a half years, I believe we have pulled every single lever available to us, but two broad initiatives stand out for me.

We overhauled our entire logistics operations and managed to substantially improve our service level and reduce overtime work. Often, we followed the Kaizen Blitz approach to quickly achieve concrete, visible changes. Many in Pluripharm remember the day when we punched a big hole in a wall to create a better flow of goods between two departments.

We also re-designed our important central fill operations and doubled our capacity for high-volume products by installing a new solution for stacking and automated picking.”

Solving the customer’s problem

“Furthermore, we have looked beyond ourselves and innovated to solve problems on behalf of our customers.”

In the Netherlands, one such problem is widespread shortages of medicine. When the medicine prescribed is not available, pharmacy employees are forced to disappoint their patients and will often have to search for alternative medications, which can be very time-consuming.

“For this reason, we have invested a lot of effort into improving our availability of medicine, up to the point where I believe that no Dutch wholesaler today offers a better availability than Pluripharm. This has really helped us win back customer confidence and we see growing numbers of pharmacies acting as our ambassadors.”



Léon Tinke
CEO Pluripharm



Outlook 2024

We expect to continue revenue growth and retain improved profitability in a year in which we will make significant investments in future growth.

After a record-breaking 2023, we expect the Abacus Medicine Group will again realise further organic growth in 2024. Because we delivered above our expectations in 2023 and saw benefits materialise faster than expected, we find ourselves a step ahead of the plan and foresee more moderate growth rates in 2024 than in 2023.

We believe that favourable demographic trends will underpin robust growth in prescriptions and pharmaceutical services, and together with our geographical expansion into new markets, we project that this will lead to organic revenue growth in the range of 8-12%. We expect a stable-to-positive outlook for the pharmaceutical industry overall, despite continuing geopolitical unrest and an uncertain macro-economic outlook in Europe.

At the onset of the new 3-year period of our Access26 strategy, we focus on geographical expansion and developing our core capabilities. This requires significant investments, particularly in our employees and operational and digital setups. While these investments will weigh on our financial performance in 2024, we plan to maintain our upward trend of profitability with an EBITDA margin of between 3.7% and 4.1%.

Pharma Trading and Pharma Services

We anticipate continued revenue growth of above 10% in Pharma Trading. Our growing scale advantages and strong position in multiple markets offer us a wealth of commercial options. To enhance operational efficiency, we are working to optimise production flows and develop new analytical capabilities and tools.

In Pharma Services, we expect organic revenue and EBITDA growth driven by both new and existing customer relationships.

Pharma Wholesale

In Pharma Wholesale, we expect Pluripharm to gain additional market share in the Dutch retail pharmacy market, resulting in solid organic revenue growth. 2023 marked the year of the turnaround for Pluripharm, and we expect to improve operational profitability further in 2024, driven by operational scale, enhanced wholesale services and direct-to-patient offerings. To support this growth, we will continue to invest in improving the business and operational setup.

Group outlook

Organic revenue growth

8-12%

Revenue, EURbn

1.3-1.4

EBITDA margin

3.7-4.1%



Sustainability in the Abacus Medicine Group

The Abacus Medicine Group is constantly evolving, and so is our external environment. In addition to implementing sustainability in our Access26 Strategy, we have also prepared for upcoming EU legislation and an increased demand for sustainability from our stakeholders.

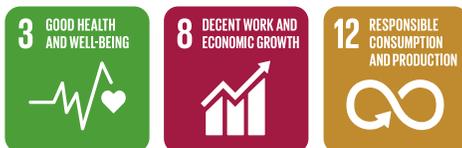
While upcoming EU legislation requires companies to comply with extensive reporting requirements, we believe our sustainability efforts are an opportunity to create real value for the Abacus Medicine Group.

It is important to us to take a proactive stance towards sustainability, as we believe that ESG performance is closely connected to our business performance. Thus, sustainability and ESG are vital parts of our 2026 Strategy.

To prepare for the upcoming Corporate Sustainability Reporting Directive (CSRD), we have conducted our first Double Materiality Assessment and started calculating our Scope 3 Emissions with the support of external consultants.

We will use these insights to further inform our strategic approach to sustainability and use the outcomes to identify value-creating opportunities.

Another important step towards integration of sustainability has been to restructure our Sustainability Steering Committee (SSC). We have decided to move away from our previous Focus Programs and take a more project-based approach. The SSC now has a broader representation of business functions across the Abacus Medicine Group and plays a crucial role in our target-setting process, which is planned to start in 2024.



[More information can be found in our Sustainability Report 2023.](#)

Our contribution to the UN Sustainable Development Goals

The Abacus Medicine Group's objective is to provide better access to medicine. We believe this is our strongest contribution to society, but we also want to take responsibility for our impact on the environment and society.

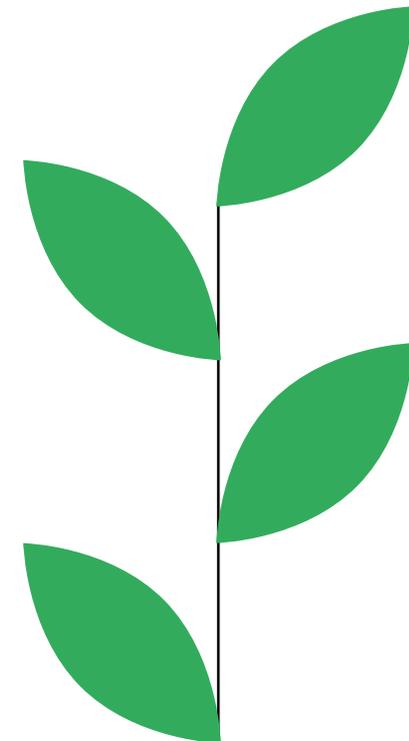
We support the UN Sustainable Development Goals (SDGs) to help solve major global challenges.

Our efforts focus on pursuing three SDGs which relate to our core business: SDG 3 (Good Health and Well-being), SDG 8 (Decent Work and Economic Growth) and SDG 12 (Responsible Consumption and Production).

Our business model addresses global and national medicine shortages. We help relieve the pressure on healthcare systems brought on by an ageing population and increases in spending. Here, our business creates real value for our customers, including patients, wholesalers, pharmacies and hospitals.

People and Community

At the Abacus Medicine Group, we are innovative, dedicated, and we care. These well-established values





In our Sustainability Report 2023, we highlighted all statutory measures relating to environmental impact, diversity and compliance in accordance with sections 99a of the Danish Financial Statements Act and section 54, part 6, of the UK Modern Slavery Act.
[Read it here](#)

are carried out in the way we work with those we cherish the most: our employees.

In 2023, we welcomed 221 new colleagues globally. Caring for our employees and developing our company culture is essential to our progress, which is the reason why we are working on initiatives to become the employer of choice, ensuring personal growth in a collaborative and friendly environment.

With the roll-out of our Diversity & Inclusion Strategy last year, we started consciously working with diversity and inclusion.

For the first time, we celebrated Diversity & Inclusion Month to create awareness about the topic among our employees globally, and a mandatory inclusive leadership course was introduced to all leaders. Ensuring people feel included is a natural part of leadership in the Abacus Medicine Group.

To further help meet our goal of being the employer of choice, we initiated a project to strengthen our culture and employer brand.

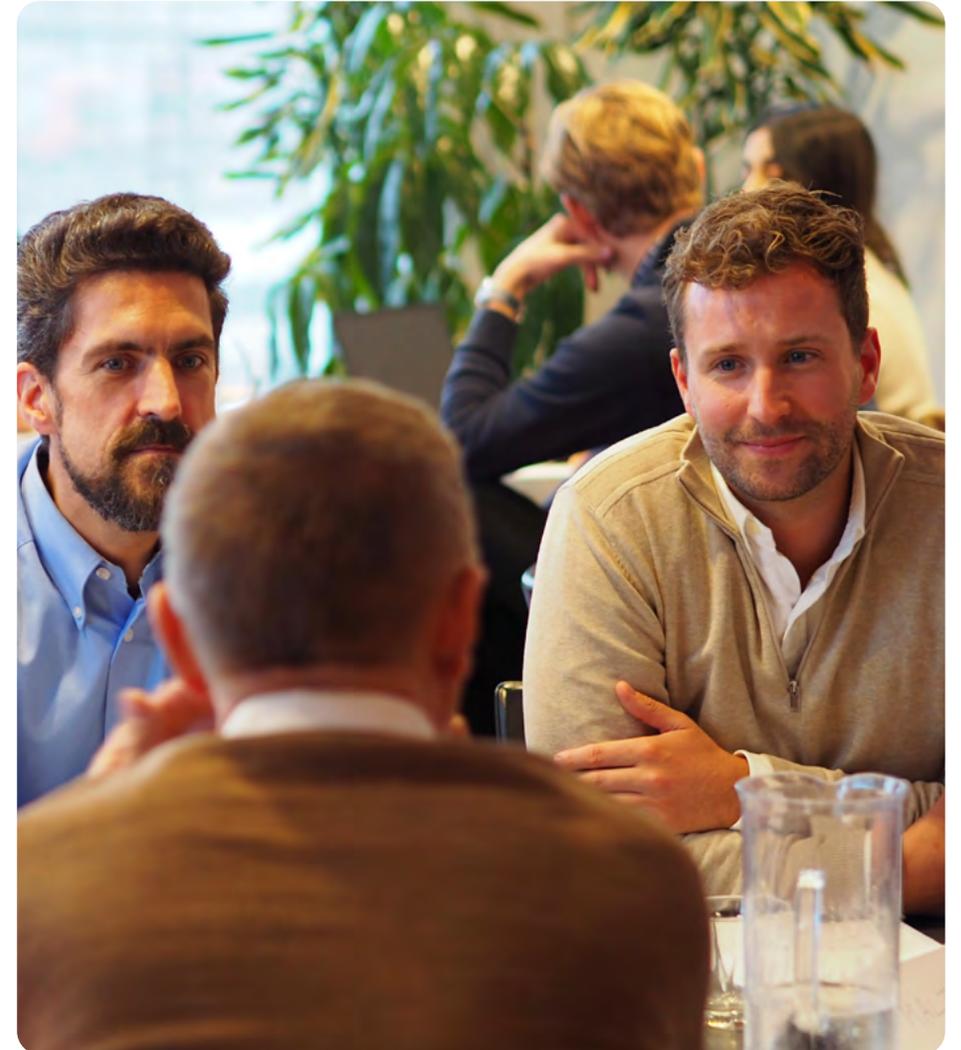
Because of our rapid growth in numerous countries, we needed to find common ground and tell our

employees what the Abacus Medicine Group offers as an employer. Our new employer promise, *Moving Healthcare. Moving You*, was launched in December 2023 and will help us continue our efforts to attract and engage employees.

We connect through local social clubs and global initiatives that bring us together. We care about community – both our own and the ones outside our company. Therefore, just to name a few, we are engaged in Health Week, fostering healthy habits among our employees, and Rare Disease Day, creating awareness about the difference our company makes for patients living with rare diseases.

Data Ethics

We protect fundamental rights in relation to personal data. Our Personal Data and Privacy Policy and Guidelines for Handling of Personal Data, cf. 99d of the Danish Financial Statements Act, can be found on our [website](#). They ensure that we comply with laws and regulations in relation to the protection of personal data. In 2023 the Abacus Medicine Group has included data ethics in our Personal Data and Privacy Policy, because we believe that it is important to consider the ethical dimension of fundamental human rights when we use technology.





ESG Data

Environment	Unit	Target	2023	2022
Direct Greenhouse Gas Emissions (Scope 1)	Metric tonnes CO ₂ e		216.9	213.7
Electricity Consumption	kwh		2,449,906	2,425,815
Renewable Electricity Share	%		31.0	32.0
Indirect Greenhouse Gas Emissions (Scope 2)				
Market-based	Metric tonnes CO ₂ e		642.6***	601.3
Location-based	Metric tonnes CO ₂ e		632.9***	715.1
Social				
Employee Headcount	Number of employees		1,324	1,279
Full-time Equivalents	Number of FTEs		1,196	1,140
Gender Diversity All Employees	%		60	60
Gender Diversity Senior Mgmt.	%		23.1	21.4
Gender Diversity Executive Mgmt.	%		30.0	30.0
Employee Turnover Rate	%		13.8	18.2
Sickness Absence	Days per FTE		12.6	13.6
Employee Survey Participation Rate	%	85.0	80.0	81.0
Employee Engagement Score	Index 1-5 (2019-22) Index 1-4 (2023-)	>3.5**	3.2/4	3.9/5
Governance				
Gender Diversity, Board of Directors	%		14.0	14.0
GDPR breaches	Number		2	1
Whistleblower cases	Number		0	0

Sickness absence includes COVID-19 related absence. Historical data is not available for all metrics for all years. The ESG data has not been subject to an audit. Please note that the diversity numbers in this table cover the entire Abacus Medicine Group. Gender Diversity Targets in compliance with section 99b of the Danish Financial Statements Act appear from page 27.

* The number has been adjusted subsequently.

** Target for 2026 has been adjusted to new Index. The comparable target for the previous year (2022) is 4.0/5.

*** Most recent Emission Factors published by AIB in 2022 are used. For increased accuracy, the calculation method for Emission Factors has been revised by AIB for 2022 and upcoming years. Thus, 2023 emissions might not be comparable to the previous years. The reduction in location-based emissions is mainly attributed to lower emission factors published by AIB in 2022 for the production mix.





Our business

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Business Model

Better access to medicine. Physically and financially. In many different ways.

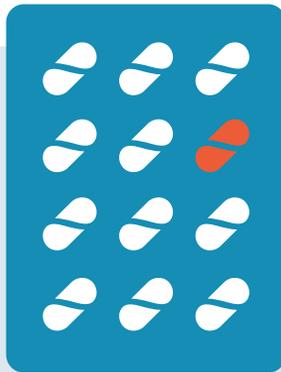
Insufficient access to medicine is a large and growing problem. In some countries, patients wait years before innovative new medicines are launched. In other countries, patients regularly experience shortages of pharmaceuticals that are nominally available but in practice out of reach.

The contributing factors can be complex and are often interconnected: supply chain disruptions, manufacturing issues, regulatory hurdles or demand exceeding supply. Regardless of the cause, the problem is real.

The Abacus Medicine Group strives to be part of the solution. We provide a range of services that create better access to medicine for wholesalers, hospitals, pharmacies, pharmaceutical companies and, ultimately, patients.

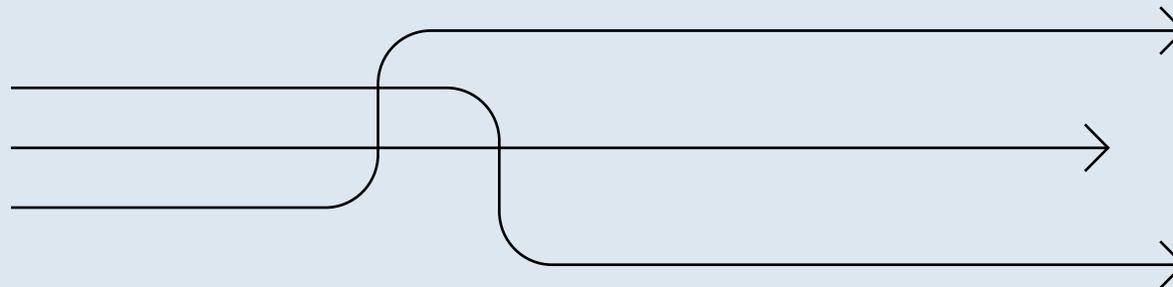
The Group's activities are organised in three divisions: Pharma Trading, Pharma Services and Pharma Wholesale. Each has distinct core capabilities that are supported by shared, cross-company competencies such as logistics, data analytics and a specialised sourcing network.

Depending on the needs of our customers, our business operates in many different ways. We are united by the fact that all of our activities support the common purpose of improving global healthcare through better access to medicine.



Connecting products ...

Access to medicine



... to patients



Pharma Trading

Providing access to medicine at a lower cost.

Pharma Trading is the largest of the three divisions in the Abacus Medicine Group. At the heart of the business model lies arbitrage trading of medicine, also known as parallel distribution, based on price differences across Europe.

By trading medicine between European countries where prices are different, we help lower the cost of expensive prescription medicines. The result is significant savings for public and private healthcare providers.

We parallel distribute medicine to 14 European markets, which makes us the parallel distributor with the widest geographical footprint. This ambitious, multi-market strategy has firmly established us among the market leaders and differentiates us from most of our competitors, who tend to focus on only one or a few markets.

From 2024, the Pharma Trading division also includes the activities of Abacus Medicine Clinical Trial Services, which helps pharmaceutical and biotech companies source comparator medicine for their clinical trials.

Our dynamic trading business rests on a carefully designed operating model:

- **Data analysis:** We monitor and analyse thousands of products every day. We consider our trading expertise and systems for data analysis to be industry-leading.
- **Sourcing:** We purchase products worth millions of euros each month through our network of more than 200 certified suppliers across 27 EU countries. We consider this specialised network, built over many years, an important competitive advantage.
- **Production:** More than 700 employees in Operations & Quality Assurance in Hungary and the Netherlands ensure compliance when we repack and trade medicine across borders.
- **Logistics:** Together with our transport partners, we operate a pan-European supply chain.
- **Sales and Business Development:** Our successful multi-market strategy requires in-depth knowledge of each national market's healthcare system, including mechanisms for pricing and reimbursement.

Price differences

The national healthcare systems in Europe are highly regulated, but organised in very different ways. This can lead to substantial price differences for identical pharmaceutical products, even between neighbouring countries.

The map shows a snapshot of the pharmacy purchase price of a single tablet of a specific prescription medicine. The pricing landscape is likely to look quite different for other pharmaceutical products.

- The highest price
- The lowest price





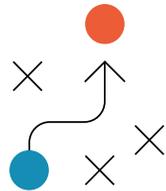
Pharma Services

Making new medicine available faster in more markets.

Abacus Medicine Pharma Services specialises in the commercialisation of treatments for Orphan, Rare and Ultra-rare diseases. These are diseases that affect only a small or even extremely small part of the population. Treatments for these rare diseases often come with a high price tag, because small patient groups make it harder to recoup the research and development costs.

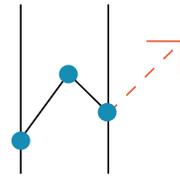
We support pharmaceutical companies with a range of commercial and operational services to help them navigate complex regulatory landscapes and bring their innovative medicines to market faster in more countries in the EU. Such services include Market Access Solutions, Product Strategy, Medical Engagement, Quality Assurance, Secondary Packaging and Supply Chain Management.

Rapid launches in more markets are not just good for business; they also give more patients quicker access to better treatments. Partnering with Abacus Medicine Pharma Services helps pharmaceutical companies maximise the clinical and commercial potential of their assets.



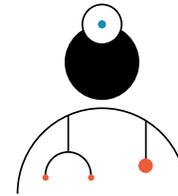
Market Access solutions

European reimbursement systems are inherently complex and different from country to country. An experienced partner can support regulatory approval and make pricing and reimbursement processes less risky and costly.



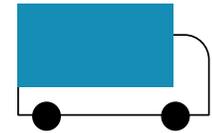
Product Strategy

We conduct product-specific primary and secondary research to provide market insights, future trends and competitive dynamics that influence strategic decision-making.



Medical Engagement

Through our engagement with medical specialists, we give a voice to our stakeholders and provide our partners with the opportunity to gain valuable real-world insights on clinical practice, unmet medical needs and user sentiment, affecting the success of their product.



Supply Chain Management

Our integrated approach allows our partners to achieve full European distribution coverage through a single point of delivery. From our GDP-certified warehouses, we work with our network of trusted, third-party logistics partners and wholesale agents to ensure continuity of supply for life-saving medicines.



Pharma Wholesale

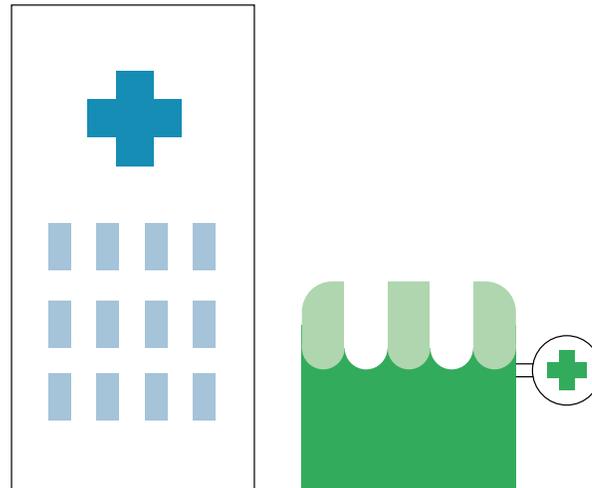
Supplying medicine and services to pharmacies and hospitals.

The majority of the activities of the Pharma Wholesale division are managed under the brand name Pluripharm. Today, this is mainly a business in the Netherlands. We supply medicine, medical devices, and services to pharmacies and hospitals.

Pluripharm is the dedicated partner for independent pharmacies. Other leading Dutch medicine wholesalers primarily serve their own pharmacy chains. Pluripharm also supports hospitals with a full range of medicines and through a close coordination of logistics.

The wholesaling operation is the main revenue driver, but it further gives us a platform for offering independent pharmacies a range of other services, such as handling contract negotiations with health insurers.

Pharma Wholesale is also the home of our business in the growing European market for direct-to-patient deliveries. Our certified online pharmacy ThuisApotheek offers an end-to-end online proposition able to serve customers directly at their home address in the Netherlands and increasingly abroad.



After completing a successful turnaround in 2023, the Pharma Wholesale business is now profitable again and ready for further, profitable growth.

We are working on the first stages of a large-scale programme to renovate and extend more than 2,000 square meters of our wholesaling warehouse and distribution centre in Alkmaar in the Netherlands. The project will include refurbished office spaces more suitable for a modern world of working.



Strategy

Over the coming 3-year period, the Abacus Medicine Group expects to create substantial, profitable growth.



We launched our updated strategy, Access26, in the summer of 2023 after a comprehensive review process. Up to and including 2026, the strategy will guide our efforts to improve healthcare by giving many more people better access to medicine. Financially, our strategic ambitions are yearly double-digit revenue growth on average and profitability that will rise at an even higher rate.

We will achieve these goals by:

- strengthening our existing businesses and expanding them geographically
- developing and launching new services and offerings

Further, we will develop our Pharma Wholesale and Pharma Services divisions into entities that contribute significantly to the revenue and profitability of the Abacus Medicine Group. This will make the combined business of the Group more balanced.

Investing in people, skills and digital excellence

Our growth strategy is backed by a high level of investments. By investing now to develop our organisation, we are well on our way to laying the foundations for revenue growth and a higher EBITDA margin. The investments drive two main pillars:



IT and data excellence based on a unified digital foundation

Our business operations are already data rich, but we will push further. Through superior innovation processes and technologies, including increased use of AI and Machine Learning, we will unlock the full potential of digital opportunities as a driver of organisational transformation and revenue growth.

Among the initiatives is a new, standardised data model. This is an essential step towards ensuring a more efficient and scalable production and inventory management.



The Employee Experience

We will develop and implement a wide range of activities to support our employees in their careers and keep Abacus Medicine Group an attractive employer. These include:

- Learning & Development programs for employees
- Leadership development programs for managers, including people-centered skills such as Diversity & Inclusion, Collaboration and empowerment
- Employer Branding, Talent Acquisition and onboarding: We will be looking to hire many new employees with the right competences and cultural fit across multiple countries



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Governance

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Corporate governance

The Abacus Medicine Group strives to exercise good corporate governance in order to ensure accountability and transparency towards its employees, shareholders and other stakeholders.

Corporate governance structure

Abacus Medicine A/S' management is structured in accordance with Section 111(1) of the Danish Companies Act, thus comprising a Board of Directors and an Executive Management. The corporate governance structure of Abacus Medicine A/S is comprised of the General Meeting, the Board of Directors, the Audit Committee, the Remuneration Committee, the Chief Executive Officer (CEO), the Chief Executive Management Team, the Executive Management Team and the Senior Management Team.

The general meeting and voting

The shareholders of Abacus Medicine A/S exercise their control over the company at general meetings and are responsible for electing the members of the Board of Directors. All shares are equal and carry one vote each.

Wagner Family Holding ApS holds around 58% of the shares and is the majority shareholder of Abacus Medicine A/S. Flemming Wagner, CEO of Abacus Medicine A/S and member of the Board of Directors,

is the ultimate majority shareholder of Wagner Family Holding ApS. Chr. Augustinus Fabrikker Aktieselskab, the other majority shareholder, holds around 35% of the shares in Abacus Medicine A/S. Chr. Augustinus Fabrikker Aktieselskab is wholly owned by Augustinus Fonden.

A number of board members and current and former employees together hold around 8% of the shares.

The Board of Directors

The Board of Directors in Abacus Medicine A/S is responsible for the overall and strategic management and proper organisation of the Abacus Medicine Group's business and operations. In this regard, the Board of Directors supervises the Abacus Medicine Group's activities and ensures that the company is properly operated and observes the Articles of Association, general policies, guidelines and other applicable rules and regulations. The Board of Directors is comprised of seven members, who are all elected by the shareholders at the Annual General Meeting of Abacus Medicine A/S.

Corporate Governance structure





The Board of Directors and the Executive Management Team visited our facility in Alkmaar, the Netherlands in 2023



Control measures and supporting tools

The Board of Directors is responsible for ensuring that adequate internal control measures are in place. At the Abacus Medicine Group, the control measures and supporting tools consist of these layers. See below.

	Measure	Responsible
External control	The annual report is audited by a state-authorized public accountant	The general meeting has appointed EY as auditor for 2023
Internal and external control	Whistleblower scheme	<ul style="list-style-type: none"> All Whistleblower committee
Internal control	<ul style="list-style-type: none"> Ongoing monitoring of compliance ERP system Employee satisfaction surveys Maintenance of internal control measures 	<ul style="list-style-type: none"> Group Finance Legal IT HR
Internal support rules & guidelines	<ul style="list-style-type: none"> Compliance framework Procurement policy Employee handbook Training 	<ul style="list-style-type: none"> Group Finance Legal IT HR Indirect procurement

Audit Committee

The Audit Committee is a supervisory body established by the Board of Directors to provide insight and expertise on matters related to financial reporting and internal controls. The committee monitors Abacus Medicine A/S' financial reporting process and internal control measures, revises the financial statements, supervises the external auditors and assesses risks. The Audit Committee works in close collaboration with the Board of Directors and the Group Finance Department. The members of the Audit Committee are appointed among the members of the Board of Directors. The members serve one-year terms.

Remuneration Committee

The Remuneration Committee is an advisory committee established by the Board of Directors to make recommendations on salaries paid to the Board of Directors and the CEO and to provide advice regarding bonus schemes in accordance with the remuneration policy. The members of the Remuneration Committee are appointed among the members of the Board of Directors. They serve one-year terms.

CEO and Chief Executive Management Team

The CEO is responsible for the day-to-day management of Abacus Medicine A/S, supported by the Chief Financial Officer (CFO), the Chief Legal Officer (CLO), the Chief Commercial Officer (CCO), the Chief Information Officer (CIO) and the Chief Operating Officer (COO), who together form the Chief Executive Management Team. The responsibilities and obligations of the Chief Executive Management Team are reflected

in the Management Instructions adopted annually by the Board of Directors.

Executive Management Team

The CEO is assisted on a daily basis by the Executive Management Team of the Abacus Medicine Group, which currently consists of 10 members: the Chief Executive Management Team and the Executive Vice Presidents and Managing Directors of the Abacus Medicine Group.





Board of Directors

● Present ○ Absent

	Name	Bio	Positions and Attendance		
			Board	Audit Committee	Remuneration Committee
	Niels Smedegaard	Niels Smedegaard was CEO of the shipping company DFDS from 2007-2019 and today serves as Chairman of the Boards of Directors of ISS, Falck, Bikubenfonden and Nordic Ferry Infrastructure. He is also a member of the Board of Directors of DSV, TT Club, UKP&I and Frederiksbergfonden.	Chair 100% ●●●●●●●●●●		Member 100% ●●●●
	Flemming Wagner	Prior to founding Abacus Medicine A/S in 2004, Flemming Wagner was CEO of RAMCON A/S. He holds an Executive MBA and an MSc in biochemistry.	Member 100% ●●●●●●●●●●		Member 100% ●●●●
	Mark Johnston	Mark Johnston is Managing Director of Chr. Augustinus Fabrikker Aktieselskab. Previously, Mark Johnston was a Director at Nordic Capital and Investment Banker at Morgan Stanley.	Member 100% ●●●●●●●●●●	Member 100% ●●●●	Member 100% ●●●●
	Troels Peter Troelsen	Troels Peter Troelsen is a professional board member, former CEO and chairman of large food companies and listed companies and former associate professor at Copenhagen Business School (CBS).	Member 100% ●●●●●●●●●●	Chair 100% ●●●●	
	Jens Albert Harsaae	Jens Harsaae is a professional board member and chairman of LanguageWire, Group Online, Plus Pack, IIH Nordic and TAKT, and a non-executive director of NIRAS. Previously, Jens Harsaae was Marketing Director at Procter & Gamble Western Europe and Partner and Managing Director of the Boston Consulting Group in Denmark.	Member 100% ●●●●●●●●●●		
	Anders K. Bønding	Anders Bønding is founder and partner at Greystone Capital Partners, an experienced Chairman and board member and former Global Head of Corporate Finance at Danske Bank.	Member 100% ●●●●●●●●●●	Member 100% ●●●●	
	Michala Fischer-Hansen	Michala Fischer-Hansen is Executive Vice President of Falck and member of the Executive Management. She has extensive pharma experience from a 19-year international career at Novo Nordisk.	Member 100% ●●●●●●●●●●		



Chief Executive Management Team

Flemming Wagner

Chief Executive Officer (CEO)



Prior to founding Abacus Medicine A/S in 2004, Flemming Wagner was CEO of RAMCON A/S. He holds an Executive MBA and an MSc in biochemistry.

Maria Addis

Chief Financial Officer (CFO)



Maria Addis joined in 2022 and has previously held CFO positions at Watch Medier and The Whole Company. As a trained auditor, she worked 10 years for PwC and holds an MBA degree from the Henley Business School.

Allan Dinesen

Chief Operating Officer (COO)



Allan Dinesen joined in 2022 and brings many years of international experience in supply chain, production and warehouse operations, including 13 years at the parallel importer Orifarm. He holds an Executive MBA degree and a BSc in Engineering.

Frederik Heupel

Chief Commercial Officer (CCO)



Frederik Heupel has been with Abacus Medicine since 2013. Prior to becoming CCO in 2021, he was Director of Sales & Business Development.

Lene B. McCormick

Chief Legal Officer (CLO)



Lene McCormick has been with Abacus Medicine since 2015.

She is an Attorney and Qualified as a UK solicitor (QLTT) with previous experience from law firms in Denmark and the United Kingdom.

Sune Vorre

Chief Information Officer (CIO)



Sune Vorre joined in 2023 and brings many years of experience in both IT and Business Development, including his latest position as CIO at Dagrofa, one of Denmark's largest retailers. He has an MSc in Management of Technology.



Gender Composition in Management

From 2023, a Danish company's management review section of the annual report must include statutory reporting on gender distribution in management (Section 99b of the Danish Financial Statements Act). This means that the reporting must focus solely on management employed by Abacus Medicine A/S.

Board of Directors

Currently, the Board of Directors of Abacus Medicine A/S consists of six men and one woman. Abacus Medicine A/S has a target of two women and five men on the Board of Directors before the end of 2026. Abacus Medicine A/S focuses on fostering an inclusive and diverse culture and annually reviews the composition of the Board of Directors. No changes were made to the Board of Directors in 2023.

Board of Directors	2023
Total no. of members	7
Underrepresented gender in %	14
Target figure in %	28
Year for fulfilment of target figure	2026
Other managerial positions (levels 1 & 2)	
Total no. of members	9
Underrepresented gender in %	33.3
Target figure in %	40
Year for fulfilment of target figure	2026

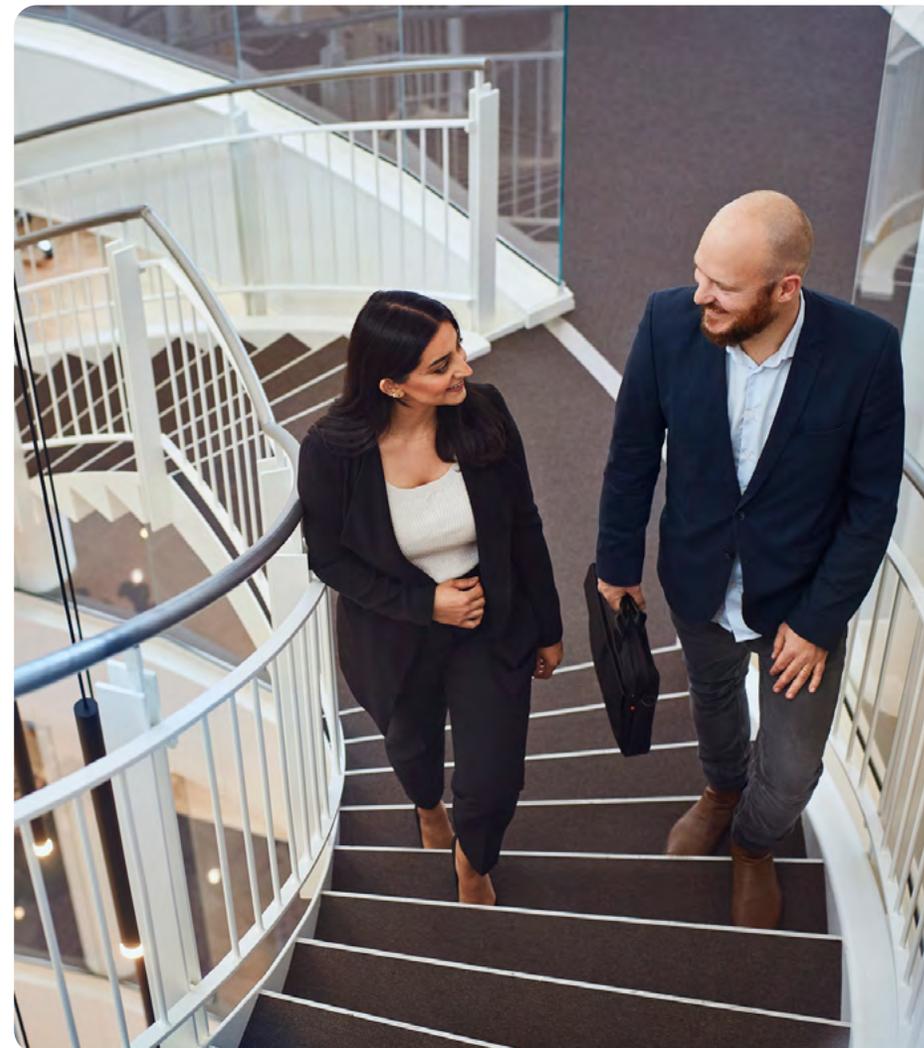
Other managerial positions in Abacus Medicine A/S (1 & 2)

Management level 1 is composed of the CEO. Management level 2 includes individuals employed at Abacus Medicine A/S who have managerial responsibilities and who report directly to management level 1.

Abacus Medicine A/S' other levels of management consist of nine people of whom the underrepresented gender represents 33.33%. Therefore, there is an equal gender distribution of 33.33%/66.67% at the other levels of management, cf. the guidelines issued by the Danish Business Authority (*Erhvervsstyrelsen*).

The Abacus Medicine Group has a strategic focus on conscious inclusion to enable a balanced gender representation at all levels of the organisation. Abacus Medicine A/S has a target of a 40/60 gender distribution in other managerial positions in 2026.

The existing disparity in the gender composition within management levels 1 & 2 is in part attributable to the challenge of attracting a sufficient number of candidates from among the underrepresented gender.





Risk Management

We carefully monitor and assess potential risks to the company on an ongoing basis. Through our Enterprise Risk management approach, our aim is to know and regularly report on relevant risks, mitigate the risks where feasible, and create a general risk awareness.

Our risk management approach

As a global company, we are exposed to a variety of risks that are inherent to our business. Managing these risks is an integrated part of our management activities.

The Abacus Medicine Group's risk management structure is rooted in processes for early risk identification followed by processes for risk analysis, risk assessment and risk mitigation planning. This structure provides a detailed and quarterly updated overview of key short-term and long-term risks. Every quarter of the year, the Chief Executive Management Team presents an update on key risks to the Board of Directors of Abacus Medicine A/S and recommends the necessary risk-mitigating activities and action plans for approval. The Audit Committee of Abacus Medicine A/S oversees that the Chief Executive Management Team has established a risk management process capable of addressing all relevant risks.

Our enterprise risk management structure

The Board of Directors of Abacus Medicine A/S approves the overall risk framework. Further, the Board of Directors monitors the development of the total strategic risk exposures and individual risk factors and verifies compliance with the overall risk policy.

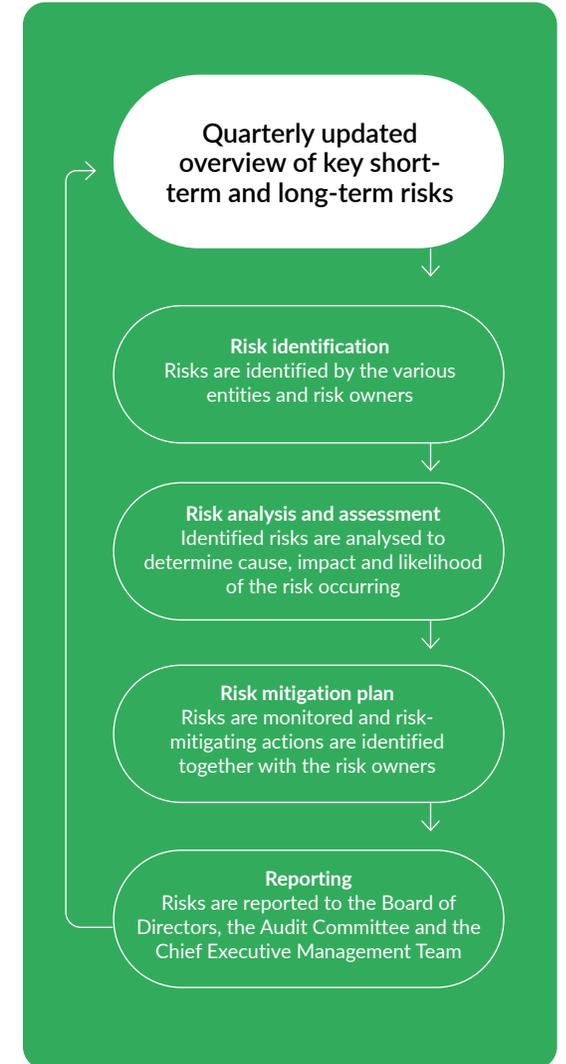
The Chief Executive Management Team determines risk management policies and strategies for the individual risks and implements risk-mitigating actions. Further, the Chief Executive Management Team ensures consistency between the risk management framework and the business objectives, monitors the development in key risks and makes risk management resources available to implement efficient risk management.

The Risk Management Board consists of members from the Chief Executive Management Team and the Senior Management Team of the Abacus Medicine Group. The Risk Management Board monitors the

development in key risks and risk-mitigating activities and reports to the Chief Executive Management Team and the Board of Directors on risk-mitigating activities. Local risk owners identify, assess, quantify and record risks, which are reported regularly to the Risk Management Board. The local risk owners make suggestions on how to address risks and monitor initiated risk management activities.

Our risk assessment in 2023

In 2023, the identified risks and risk mitigation plans were reviewed and assessed by the Risk Management Board and the Chief Executive Management Team. The key risks were presented to the Board of Directors. The Board of Directors then investigated ways to best implement the necessary risk-mitigating measures, focusing on ensuring optimum realisation of the Abacus Medicine Group's strategic objectives.





Key risk factors

A detailed description of the financial risks to which the Abacus Medicine Group is exposed is provided in note 4.5 below.

1 Compliance and regulatory risks

The Abacus Medicine Group is required to meet all legal standards set by national and EU authorities. Abacus Medicine A/S and other members of the Abacus Medicine Group are approved as parallel distributors of pharmaceuticals by the relevant authorities and holds manufacturer and distribution licences, which entitles the companies to repack and distribute pharmaceuticals. Parallel distribution companies are subject to the same strict quality and safety requirements as the original manufacturer of the pharmaceuticals concerned. Failure to comply with regulations may result in prosecution, lawsuits, fines or ultimately loss of licences.

Mitigating activities

- The Abacus Medicine Group's Quality Management System (QMS) describes our policies and commitment to quality. It ensures compliance and our licence to operate.
- Standard procedures and training are in place to ensure adherence and compliance with applicable laws and regulations as well as continuous improvements and prevention of breaches.
- Authority inspections and internal quality audits are conducted on a routine basis at the production sites in Hungary and the Netherlands. When issues are identified, root causes are identified and necessary corrective and preventive actions are implemented.

The potential financial impact and likelihood of compliance and regulatory risks occurring remain unchanged from last year.

2 Supply chain and sourcing

The Abacus Medicine Group is highly dependent on a reliable network of suppliers. A loss of key suppliers, interruptions in the availability of sufficient supply, disruption to the supply chain or the inability of the Abacus Medicine Group to source the required number of pharmaceutical products within a given price range could adversely affect the company's business operations.

In addition, a few National Competent Authorities (NCA) of EU member states could enforce non-compliant or disproportionate export bans, which could limit the access to medicine for a given time.

Mitigating activities

- Agile purchasing orders to have the possibility of switching purchase orders to other suppliers or countries without export bans.

Overall, the assessment of the potential financial impact and likelihood of supply chain and sourcing risks remains unchanged compared to last year.

3 Capacity constraints

The continued growth of the company puts pressure on our production capacity, including our workforce.

Mitigating activities

- Constant focus on optimising our production flow through improved manual and automated processes.

Based on the above, the assessment of the potential financial impact and likelihood of capacity constraint risks remains unchanged compared to 2022.



Key risk factors

A detailed description of the financial risks to which the Abacus Medicine Group is exposed is provided in note 4.5 below.

4 Funding and liquidity risks

Fundamental liquidity risks may occur if the Abacus Medicine Group does not manage to have sufficient liquidity at its disposal. For instance, such a risk could materialise as a result of the unavailability of lines of credit, the loss of existing cash resources, the inability to access the financial markets or strong fluctuations in the operating business.

In addition, the Abacus Medicine Group's existing financial liabilities could limit the cash flows available to the operating business, and defaults on the payment of financial liabilities could result in one or more companies in the Abacus Medicine Group becoming insolvent.

Mitigating activities

- The objective of liquidity management is to ensure that the company remains solvent at all times, to ensure compliance with bank covenants as well as to ensure sufficient financial flexibility by holding adequate liquidity reserves and free lines of credit.
- Credit and factoring facilities are continuously being monitored in order to secure that they develop in line with the company's business needs.

The funding and liquidity risk remains unchanged from last year in respect of the potential financial impact.

5 IT security risks

The threat posed by IT criminals is still increasing, and due to the war in Ukraine and aggressive pro-Russian hacker groups, this risk increased further in 2023. Due to the Abacus Medicine Group's continuous increase of activities in several countries, new business areas and new IT platforms, the IT risk pattern continues to change and becomes even more critical.

Mitigating activities

- Constant focus on the threat of cyber attacks and continual investments in the protection of data and IT systems.
- IT security technologies and controls are in place and were further strengthened in 2023.
- As we have contracted an IT Security specialist company to manage our Detect & Response activities, we are making monitoring and mitigation efforts on a 24/7 basis
- The IT security status is continuously being evaluated and presented to the Audit Committee on a quarterly basis.

Although there is continued focus on IT risks, the increasing risk of cyber attacks do imply an increased IT risk compared to 2022.

6 Market and commercial risks

The financial performance of the Abacus Medicine Group is impacted by market and commercial development such as potential market commoditisation, patent expiry of products, new legislation, product price adjustments, and the risk of expiry of products in inventory.

Mitigating activities

- Our multi-European market approach provides flexibility in case of changes in one market.
- We seek to optimise our inventories to be least possibly impacted by unexpected price changes.
- We have a proactive approach, which highlights products in inventory that approach expiry.

The market and commercial risks remain unchanged from last year in respect of the potential financial impact.



A proactive approach to mitigating IT risks

Data security is recognised as a key risk factor, including the risk of cyber attacks, ransomware and phishing. In response, we proactively address these challenges through interdisciplinary training and regular preparedness exercises with regard to potential threats, including system shutdowns and related incidents.

We take a practical approach to counter phishing attempts. Our IT team creates convoluted e-mails sent internally to all members of the Abacus Medicine Group to assess and fortify individuals' awareness of potential threats. These simulations, designed with utmost realism, aim to assess and enhance individual awareness of potential threats.

These exercises encourage an open dialogue and a deeper understanding in a less formal and more social setting, encouraging participants to discuss their immediate impression and reactions. The primary objective is to cultivate heightened awareness regarding the consequences and risks associated with cybersecurity.

To increase and sustain a robust IT security culture across our organisation, these exercises are conducted each quarter. Our proactive approach not only enhances our employees' readiness in respect of potential incidents, but also contributes to the continual improvement of our overall cybersecurity posture.





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Financial review

In 2023, growing market shares and profitability resulted in a record EBITDA for the Abacus Medicine Group.

Group performance

In 2023, the Abacus Medicine Group exceeded our outlook for 2023 due to more favourable trading conditions and new customers. Organic revenue growth of 18% exceeded the outlook of 6-11%, and the EBITDA margin came in at 3.9%, well above the outlook of 2.2-2.6%.

Pharma Trading saw growth in both existing and new markets.

The investments in Pharma Services continued in 2023, and new customers led to additional revenue growth.

Pharma Wholesale increased revenue with 13% compared to 2022, in a highly competitive market for pharmaceutical wholesaling. Our wholesale company in the Netherlands, Pluripharm, continued to attract new pharmacy and hospital customers and gain market share in the retail market.

Revenue EUR'000	2023	2022	Growth
Pharma Trading and Pharma Services	875,639	719,079	22%
Pharma Wholesale	366,915	324,643	13%
Internal Trading	-32,200	-19,744	
Revenue	1,210,354	1,023,978	18%

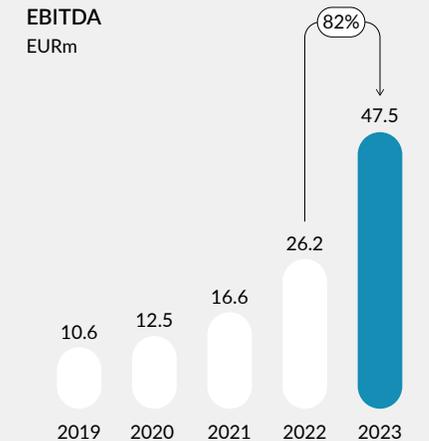
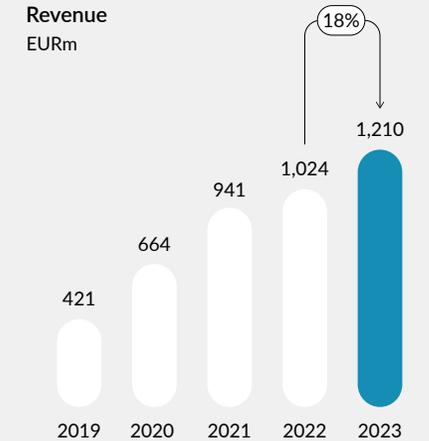
Group profitability

Gross margin increased by 1.6 percentage points to 11.9%, driven by high demand and better margins in Pharma Trading's core markets as well as improved margins in Pharma Wholesale. Despite challenging market conditions in the Dutch wholesale market, Pluripharm delivered a substantial profitability improvement in 2023.

Gross profit EUR'000	2023	2022	Growth
Revenue	1,210,354	1,023,978	18%
Cost of sales	-1,066,226	-918,436	16%
Gross profit	144,128	105,542	37%
Gross margin	11.9%	10.3%	

Selling, General, and Administrative (SG&A) expenses increased by 22% compared to 2022, as we continued to invest heavily in both employees and our operational setup.

SG&A expenses EUR'000	2023	2022	Growth
Other external costs	-29,972	-26,491	13%
Staff costs	-66,646	-52,890	26%
SG&A expenses	-96,618	-79,381	22%
SG&A margin	8.0%	7.8%	





EBITDA grew by 82% to a record of EUR 47.5 million and an EBITDA margin of 3.9%. The rates of organic growth and gross margin improvements were higher than investments in SG&A, leading to record-breaking EBITDA and EBITDA margin.

EBITDA EUR'000	2023	2022	Growth
Gross profit	144,128	105,542	37%
SG&A expenses	-96,618	-79,381	22%
EBITDA	47,510	26,161	82%
EBITDA margin	3.9%	2.6%	

Segment performance

In Pharma Trading and Pharma Services, the EBITDA margin increased by 1.2 percentage points to 4.8%, driven by improved trading performance and operational scale advantages.

Pharma Wholesale reported a substantially improved EBITDA, concluding the successful turnaround of the wholesale business. Despite challenging conditions in the Dutch wholesale market, the EBITDA margin increased by 1.3 percentage points to 1.4%.

EBITDA EUR'000	2023	2022	Growth
Pharma Trading and Pharma Services	42,192	25,784	64%
Pluripharm	5,318	377	1,311%

EBITDA margin %	2023	2022	Change
Pharma Trading and Pharma Services	4.8%	3.6%	1.2%
Pluripharm	1.4%	0.1%	1.3%



Return on equity increased from 10.1% in 2022 to 28.3% in 2023. This underlines our long-term target of improving profitability.

Leverage

After the acquisition of Pluripharm in 2020, our leverage measured as net debt to EBITDA increased significantly. It has since been a priority to reduce the Group's leverage. We have achieved this by a combination of an improved financial result and a reduction of the net interest-bearing debt. In 2023, the leverage ratio decreased by 0.1 to 1.4 and is well within our comfort zone.

Despite the lower net interest-bearing debt position, we saw an impact from higher interest rates in 2023. Net finance costs increased to EUR 13.0 million from EUR 6.1 million in 2022.

Return on equity

Due to the record financial performance in 2023, marked by a Profit for the year of EUR 20.0 million, the Return on equity almost tripled from 10.1% in 2022 to 28.3% in 2023. This underlines our long-term target of improving profitability.



Cash-flow and working capital

Extensive sick leaves during Q4 2023 resulted in a temporary production bottleneck in Hungary. Compounded by promising market opportunities, this led to a significant increase in inventory levels towards the end of the year. Consequently, the Abacus Medicine Group experienced a negative cash flow in 2023. Substantial investments in digital infrastructure and the acquisition of new licences also contributed to the negative cash flow.

Cash flow EUR'000	2023	2022	Growth
Cash flow from operation	-13,919	30,399	-146%
Cash flow from investment	-7,515	-8,687	-13%
Free cash flow	-21,434	21,712	NM.

Demand in our core markets remains strong, and we will focus on optimising our operational process flow in order to reduce our inventory levels during 2024.

Working capital EUR'000	2023	2022	Growth	% of revenue 2023	% of revenue 2022
Inventory	199,879	116,786	71%	17%	11%
Trade and other receivables	55,711	47,971	16%	5%	5%
Trade payables	131,629	84,332	56%	11%	8%
Working capital	123,961	80,425	54%	10%	8%

The parent company Abacus Medicine A/S

In 2023, the parent company generated revenue of EUR 832.2 million, an increase of EUR 156.9 million compared with 2022. Gross profit came in at EUR 87.3 million compared to EUR 59.6 million in 2022. Profit before tax for the year was EUR 24.8 million against EUR 8.5 million in 2022. Equity increased from EUR 61.0 million at 31 December 2022 to EUR 80.9 million at 31 December 2023.





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Income statement

Note	EUR'000	2023	2022
2.1	Revenue	1,210,354	1,023,978
2.2	Cost of sales	-1,066,226	-918,436
	Gross profit	144,128	105,542
	Other external costs	-29,972	-26,491
2.3	Staff costs	-66,646	-52,890
	Operating profit before depreciation, amortisation and special items (adjusted EBITDA)	47,510	26,161
2.5	Special items	0	0
	Operating profit before depreciation and amortisation (EBITDA)	47,510	26,161
2.6	Depreciation and amortisation	-11,944	-11,437
	Operating profit (EBIT)	35,566	14,724
5.3	Share of profit/(loss) in associates	3,133	-121
2.7	Finance income	1,655	72
2.7	Finance expenses	-14,668	-6,165
	Profit before tax	25,686	8,510
2.8	Tax on profit for the year	-5,644	-2,691
	Profit for the year	20,042	5,819

Statement of comprehensive income

Note	EUR'000	2023	2022
	Profit for the year	20,042	5,819
	Comprehensive income		
	<i>Comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
4.5	Cash flow hedges – effective portion of changes in fair value	0	-19
	Exchange differences on translation of foreign operations	-186	188
2.8	Income tax effect	0	4
		-186	173
	Comprehensive income/(loss) for the year, net of tax	-186	173
	Total comprehensive income	19,856	5,992



Balance sheet

Note	EUR'000	2023	2022
ASSETS			
Non-current assets			
3.1	Intangible assets	36,669	33,148
3.2	Property, plant and equipment	10,547	10,432
3.3	Right-of-use assets	7,656	9,482
5.3	Investments in associates	83	84
5.3	Other securities	0	0
3.5	Other receivables	233	529
2.8	Deferred tax assets	4,894	4,573
Total non-current assets		60,082	58,248
Current assets			
3.4	Inventories	199,879	116,786
3.5	Trade and other receivables	55,711	47,971
4.3	Cash	3,268	9,971
Total current assets		258,858	174,728
TOTAL ASSETS		318,940	232,976

Note	EUR'000	2023	2022
EQUITY AND LIABILITIES			
Equity			
4.1	Share capital	516	516
4.1	Other reserves	-682	-234
	Retained earnings	81,032	60,709
Total equity		80,866	60,991
Non-current liabilities			
2.8	Deferred tax liabilities	1,781	4,335
3.3	Lease liabilities	5,018	7,382
3.7	Other payables	2,073	2,240
Total non-current liabilities		8,872	13,957
Current liabilities			
4.4	Borrowings	61,057	40,304
3.3	Lease liabilities	3,420	2,825
3.8	Provisions	5,388	4,257
3.6	Trade payables	131,629	84,332
2.8	Income tax payable	6,967	2,810
3.7	Other payables	20,741	23,500
Total current liabilities		229,202	158,028
Total liabilities		238,074	171,985
Total EQUITY AND LIABILITIES		318,940	232,976



Cash flow statement

Note	EUR'000	2023	2022
Operating activities			
	Profit before tax	25,686	8,510
Reversal of items from the income statement:			
2.6	Depreciation and amortisation	11,944	11,437
	Share of profit (loss) in associates	-3,133	121
2.7	Finance income	-1,655	-72
2.7	Finance expenses	14,668	6,165
3.9	Changes in working capital	-43,107	10,535
	Interest received	300	72
	Interest paid	-14,588	-5,460
2.8	Income tax paid	-4,034	-909
Cash flow from operating activities		-13,919	30,399

Note	EUR'000	2023	2022
Investing activities			
3.1	Investment in intangible assets	-6,589	-6,635
3.2	Investment in property, plant and equipment	-2,081	-1,973
5.5	Acquisition of subsidiary	-746	0
	Paid deposits regarding buildings, etc.	296	-133
	Disposals, non-current assets	1,605	54
Cash flow from investing activities		-7,515	-8,687
Financing activities			
	Proceeds from borrowings	20,732	-11,919
	Proceeds from exercise of warrants	0	237
3.3	Instalment of lease liabilities	-3,403	-3,086
	Purchase of treasury shares	-262	0
	Deposits regarding factoring agreement	-1,548	-740
	Repayment of loan	-791	0-
Cash flow from financing activities		14,728	-15,508
Net cash flow		-6,706	6,204
	Cash 1 January	9,971	3,889
	Effect of exchange rate changes on cash in a foreign currency	3	-122
4.3	Cash 31 December	3,268	9,971



Statement of changes in equity

EUR'000	Share capital	Cash flow hedge reserve	Foreign currency translation reserve	Treasury shares	Retained earnings	Total
Equity 1 January 2023	516	-	-234	-	60,709	60,991
Total comprehensive income						
Profit for the year	-	-	-	-	20,042	20,042
Comprehensive income						
Exchange differences on translation of foreign operations	-	-	-186	-	-	-186
Total comprehensive income	-	-	-186	-	-	-186
Total comprehensive income for the period	-	-	-186	-	20,042	19,856
Transactions with owners						
Purchase of treasury shares	-	-	-	-262	-	-262
Equity-settled share-based payments	-	-	-	-	281	281
Total transactions with owners	-	-	-	-262	281	19
Equity 31 December 2023	516	-	-420	-262	81,032	80,866

EUR'000	Share capital	Cash flow hedge reserve	Foreign currency translation reserve	Treasury shares	Retained earnings	Total
Equity 1 January 2022	515	15	-422	-	54,538	54,646
Total comprehensive income						
Profit for the year	-	-	-	-	5,819	5,819
Comprehensive income						
Cash flow hedges – effective portion of changes in fair value	-	-19	-	-	-	-19
Exchange differences on translation of foreign operations	-	-	188	-	-	188
Tax on other comprehensive income	-	4	-	-	-	4
Total comprehensive income	-	-15	188	-	-	173
Total comprehensive income for the period	-	-15	188	-	5,819	5,992
Transactions with owners						
Capital increase	1	-	-	-	236	237
Equity-settled share-based payments	-	-	-	-	116	116
Total transactions with owners	1	-	-	-	352	353
Equity 31 December 2022	516	-	-234	-	60,709	60,991



Section 1

Basis of preparation

- 1.1 Accounting policies
- 1.2 New accounting policies and disclosures
- 1.3 Standards issued but not yet effective
- 1.4 Significant accounting judgements, estimates and assumptions

Profit for the year
2022: 5,819 (EUR'000)

20,042

Gross margin
2022: 10.3%

11.9%

EBITDA margin
2022: 2.6%

3.9%





Section 1 – Basis of Preparation

1.1 Accounting policies

Abacus Medicine A/S is a private limited company registered in Denmark. The financial statements section of the annual report, for the financial year 1 January – 31 December 2023, 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 of Abacus Medicine A/S for 2023 have been prepared in accordance with IFRS® Accounting Standards 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 2022 of Abacus Medicine A/S, except for the implementation of new and amended standards (see below).

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, both quantitative and qualitative factors are considered. 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 Chief Executive Officer (CEO) have on 29 February 2024 discussed and approved the annual report for Abacus Medicine A/S for 2023. The annual report will be presented to the shareholders of Abacus Medicine A/S for adoption at the annual general meeting on 15 March 2024.

Accounting policies, management judgments and sources of estimation uncertainty are presented together with other related disclosures in the notes that deal with the relevant subject. Accounting policies, judgements and estimates that do not relate to a specific subject are presented in this section.

Applying materiality

The Financial Statements are a result of processing large numbers of transactions and aggregating those transactions into classes according to their nature. When aggregated, the transactions are presented in classes of similar items in the financial statements. If a line item is not individually material, it is aggregated with other items of a similar nature in the Financial Statements or in the notes.

There are substantial disclosure requirements throughout IFRS. Management provides specific disclosures required by IFRS unless the information is considered immaterial to the economic decision-making of the users of these Financial Statements or not applicable.

Basis of preparation

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

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

Consolidated financial statements

The consolidated financial statements comprise the financial statements of Abacus Medicine A/S (the Parent Company) and the subsidiaries controlled by the Parent Company, as at 31 December 2023. 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, balances and dividends, as well as 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 Medicine 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.



Section 1 – Basis of Preparation

1.1 Accounting policies (continued)

Current versus non-current classification

Abacus Medicine presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is either:

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

All other assets are classified as non-current.

A liability is current when, either:

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

All other liabilities are classified as non-current.

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

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 cash flows from operating, investing and financing activities for the year, the year's changes in Cash as well as 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 is 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 comprises payments in connection with acquisitions and disposals of entities, activities and intangible assets, property, plant and equipment and financial assets.

Cash flow from financing activities

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



Section 1 – Basis of Preparation

1.2 New accounting policies and disclosures

Abacus Medicine has implemented the standards and amendments that are effective for the financial year 2023. The new standards and amendments have not affected Abacus Medicine's recognition or measurement of financial items for 2023, nor are they expected to have any significant future impact.

1.3 Standards issued but not yet effective

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2023 consolidated financial statements. Abacus Medicine expects to implement these standards when they take effect.

None of the new standards issued are currently expected to have any significant impact on the consolidated financial statements when implemented.

1.4 Significant accounting judgements, estimates and assumptions

The preparation of the 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.

The primary financial statements items for which more significant accounting estimates are applied are listed below:

- Revenue (note 2.1)
- Intangible assets (note 3.1)
- Inventories (note 3.4)

Additional description of management judgements and estimates made are described in the relevant notes.



Section 2

Result of the Year

- 2.1 Revenue
- 2.2 Cost of sales
- 2.3 Staff costs
- 2.4 Share-based payments
- 2.5 Special items
- 2.6 Depreciation and amortisation
- 2.7 Finance items, net
- 2.8 Income tax

Revenue growth
2022: 8.8%

18.2%

FTES
2022: 1,140

1,196

EBITDA
2022: 26,161 (EUR'000)

47,510





Section 2 – Result of the Year

2.1 Revenue

Accounting policies

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 recognised at one-point-of-time. Due to factoring agreements, the majority of 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. The expected value method is used 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, a refund liability is recognised. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

Assets and liabilities arising from rights of return:

Rights of return assets

A right of return asset represents the 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 decrease in the value of the returned goods. The measurement of the asset is updated and recorded for any revisions to its

expected level of returns, as well as any additional decrease in the value of the returned products. The right of return asset is presented under inventories.

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. The estimates of refund liabilities are updated (along with the corresponding change in the transaction price) at the end of each reporting period. The right of return liability is presented under provisions.

Other external costs

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

Significant accounting judgements, estimates and assumptions

Customer rebates, discounts and price adjustments

Certain contracts for the sale of products include customer rebates, discounts and price adjustments that give rise to variable considerations. Customer rebates and discounts vary across distribution channels, and price adjustments are in some cases dependent on future market price development. In estimating the variable consideration, Abacus Medicine considers the contract information, historical experience, business forecast and the current economic conditions. The provisions for rebates, discounts and price adjustments granted to customers are recognised as a reduction of revenue.

Presentation

Abacus Medicine has adopted IFRS 15. The presentation of revenue for Abacus Medicine is defined by the operational structure which is derived from the types of activities we are engaged in. Abacus Medicine Pharma Services accounts for less than 10% of the revenue, gross profit and assets in the Group, and due to similar characteristics, Abacus Medicine Pharma Services has been presented in combination with Abacus Medicine Pharma Trading.

Revenue in business operations

Our business operations are carried out by the following activities:

Pharma Trading and Pharma Services

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



Section 2 – Result of the Year

2.1 Revenue (continued)

Pharma Wholesale

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

Operating information

EUR'000	2023			
	Pharma Trading and Pharma Services	Pharma Wholesale	Internal trading	Total
Revenue	875,639	366,915	-32,200	1,210,354
Gross Profit	118,335	25,793	0	144,128
EBITDA	42,192	5,318	0	47,510
Total Assets	262,291	56,649	0	318,940
Total Liabilities	192,685	45,389	0	238,074

EUR'000	2022			
	Pharma Trading and Pharma Services	Pharma Wholesale	Internal trading	Total
Revenue	719,079	324,643	-19,744	1,023,978
Gross Profit	86,644	18,898	0	105,542
EBITDA	25,784	377	0	26,161
Total Assets	181,462	51,514	0	232,976
Total Liabilities	127,359	44,626	0	171,985

In 2023, Abacus Medicine had one customer in Denmark/Sweden/Norway with 11% of the Group revenue (2022: one customer in Denmark/Sweden/Norway, 12%). However, customers in the pharmaceutical industry are mainly wholesalers acting on behalf of the pharmacies. Pharmacies are therefore the actual customers, and in this aspect no individual customers accounts for more than 10% of the Group's revenue.

2.2 Cost of sales

Cost of sales comprise of the following:

EUR'000	2023	2022
Cost of inventories recognised as an expense	1,060,368	911,996
Write-down of inventories, net	5,858	6,440
Total	1,066,226	918,436

2.3 Staff costs

Accounting policies

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. Compensations, if any, received from public authorities have been deducted from staff costs.

EUR'000	2023	2022
Wages and salaries	58,695	46,215
Pensions, defined contribution plans	3,722	2,873
Other social security costs	2,002	683
Other staff costs	2,830	3,806
Share-based payment expense	281	116
Total employee benefit expenses	67,530	53,693
Of which are capitalised as intangible assets	-884	-803
Total employee benefit expense in the income statement	66,646	52,890
Average number of full-time employees	1,196	1,140

The below amounts are included in the total staff costs.

EUR'000	2023	2022
Board of Directors and Chief Executive Officer		
Wages and salaries	942	730
Pensions, defined contribution plans	58	46
Social security costs	1	1
Total	1,001	777
Average number	7	7



Section 2 – Result of the Year

2.3 Staff costs (continued)

EUR'000	2023	2022
Key Management Personnel		
Wages and salaries	2,739	2,086
Pensions, defined contribution plans	201	157
Share-based payments	64	38
Social security costs	30	28
Total	3,034	2,309
Average number	9	8

Key Management Personnel is defined as the members of the day-to-day management and includes the CFO, CLO, CCO, COO, CIO, EVPs and the HR Director.

Remuneration to the Chief Executive Officer and Board of Directors represents EUR 1,004 thousand (2022: EUR 777 thousand). Abacus Medicine has entered into warrant agreements with members of the Executive Management Team. For further details on remuneration to the Executive Management Team, please see note 2.4 regarding share-based payments.

2.4 Share-based payments

Accounting policies

Certain employees of Abacus Medicine receive remuneration in the form of share-based payments, whereby programme participants render services in consideration of equity instruments ("equity-settled transactions"). 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.

That cost is recognised in staff costs, together with a corresponding increase in equity (other capital reserves) for equity-settled programmes, 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.

Estimating the fair value for warrant programmes 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 share plans in 2020, 2021, 2022 and 2023, of which the share plans from 2020-2023 are all still open. The decision to grant warrants is made by the Board of Directors in accordance with the

articles of association. Warrants have been granted to members of Key Management Personnel and other employees of the company. As regards the 2020, 2021, 2022 and 2023 programmes, the employees only receive equity instruments.

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 the articles of association on incentive pay for Abacus Medicine. Warrants have been granted to Key Management Personnel and other employees of Abacus Medicine.

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

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

Warrant agreements entered into in November and December 2021 allow those eligible to subscribe for up to 129,082 new shares of EUR 0.05 each in Abacus Medicine A/S. The subscription price is EUR 10.93 per share, corresponding to a total potential subscription price of approximately EUR 1,411 thousand. This warrant agreement only allows settlement with shares which must take place in April 2026 at the latest. The warrant scheme has been accounted for as an equity-settled programme.



Section 2 – Result of the Year

2.4 Share-based payments (continued)

Warrant agreements entered into in November 2022 allow those eligible to subscribe for up to 96,405 new shares of EUR 0.05 each in Abacus Medicine A/S. The subscription price is EUR 11.20 per share, corresponding to a total potential subscription price of approximately EUR 1,080 thousand. This warrant agreement only allows settlement with shares which must take place in April 2027 at the latest. The warrant scheme has been accounted for as an equity-settled programme.

Warrant agreements entered into in November 2023 allow those eligible to subscribe for up to 131,000 new shares of EUR 0.05 each in Abacus Medicine A/S. The subscription price is EUR 14.02 per share, corresponding to a total potential subscription price of approximately EUR 1,837 thousand. This warrant agreement only allows settlement with shares which must take place in April 2028 at the latest. The warrant scheme has been accounted for as an equity-settled programme.

EUR'000	2023	2022
Equity-settled expense	281	116
Total share-based payment expense	281	116

	Key Personnel	Other employees	Total number	Average exercise price per option (EUR)
Specification of outstanding share options				
Outstanding 31 December 2021	59,503	206,949	266,452	
Granted	19,850	76,555	96,405	
Forfeited	-10,000	-18,272	-28,272	
Exercised	-17,340	-6,028	-23,368	10.16
Outstanding 31 December 2022	52,013	259,204	311,217	
Granted	40,400	90,600	131,000	
Forfeited	-	-26,210	-26,210	
Exercised	-	-	-	
Outstanding 31 December 2023	92,413	323,594	416,007	
Exercisable 31 December 2023	-	-	-	



Section 2 – Result of the Year

2.4 Share-based payments (continued)

The average remaining contractual life for the share options outstanding at 31 December 2023 was 3.0 years (2022: 3.3 years). The exercise prices are between EUR 10.16 - EUR 14.02 per share option (2022: EUR 10.16 - EUR 11.20).

In 2023, the expense in regards to share-based payments recognised in the income statement amounts to EUR 281 thousand (2022: EUR 116 thousand).

The following table lists the inputs to the models used for the plan for the different programmes:

	2023 Equity Settled	2022 Equity Settled	2021 Equity Settled	2020 Equity Settled
Weighted average fair values at measurement date	7.3	5.9	5.1	2.7
Weighted average share price	18.7	14.9	14.6	12.0
Exercise price	14.0	11.2	10.9	10.2-13.5
Expected volatility (%)	29%	31%	35%	35%
Expected life of share options	53 months	53 months	52-53 months	1-60 months
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%
Risk-free interest rate (%)	2.8%/3.2%	1.0%/1.4%	-0.5%/-0.6%	-0.4-0.6 %
Valuation method	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

The expected volatility reflects 29%-35%, which is based on a peer group median.

2.5 Special items

§ Accounting policies

Special items are used in connection with the presentation of the profit or loss for the year to distinguish consolidated operating profit from exceptional items, which by their nature are not related to Abacus Medicine's ordinary operations. Special items consist of costs related to seeking new capital, i.e. IPO and private equity projects, and transaction costs related to acquisition of enterprises.

There were no special items in 2023 (2022: EUR 0).

2.6 Depreciation and amortisation

EUR'000	2023	2022
Amortisation and write-downs, intangible assets	6,470	5,895
Depreciation, property, plant and equipment	2,074	2,200
Depreciation, right-of-use assets	3,400	3,342
Total	11,944	11,437

2.7 Finance items, net

§ Accounting policies

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

EUR'000	2023	2022
Finance income		
Other finance income	300	72
Foreign exchange gain, net	1,355	0
Total finance income	1,655	72

Finance income related to balance sheet items recognised at amortised cost amounts to EUR 300 thousand (2022: EUR 72 thousand).

EUR'000	2023	2022
Finance expenses		
Other finance costs	14,378	5,285
Interest, lease liabilities	269	321
Amortised loan costs	21	110
Foreign exchange loss, net	0	449
Total finance expenses	14,668	6,165

Finance expenses related to balance sheet items recognised at amortised cost (credit facilities and lease liabilities) amount to EUR 4,470 thousand (2022: EUR 1,921 thousand).



Section 2 – Result of the Year

2.8 Income tax

Accounting policies

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 ultimate parent of Abacus Medicine A/S, 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 administration company.

Current income tax and deferred tax

Current tax payables and receivables 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, on 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 contributions payable and receivable are recognised in the balance sheet as "Corporation tax receivable" or as "Corporation tax payable".

EUR'000	2023	2022
Current income tax		
Current income tax charge	8,157	3,114
Adjustment in respect of current income tax of previous year	17	-115
Deferred tax		
Relating to the origination and reversal of temporary differences	-2,530	-308
Income tax expense reported in the income statement	5,644	2,691

EUR'000	2023	2022
Statement of comprehensive income		
Deferred tax related to items recognised in comprehensive income during the year		
Net gain/loss on the revaluation of cash flow hedges	0	4
Income tax recognised in comprehensive income	0	4



Section 2 – Result of the Year

2.8 Income tax (continued)

Tax on profit for the year can be explained as follows:

EUR'000	2023	2022
Accounting profit before income tax		
Calculated 22% tax on profit for the year	5,651	1,872
Utilisation of previously unrecognised losses	-181	0
Deferred tax asset not recognised	324	361
Tax effect of:		
Deviation in foreign subsidiaries' tax rates compared with the current Danish rate	495	284
Adjustment in respect of current income tax of previous year	17	-115
Other non-deductible expenses, etc.	27	262
Share of profit/(loss) in associates	-689	27
Total	5,644	2,691
Effective tax rate (%)	22.0%	31.6%

The Group has applied the mandatory exception to recognizing and disclosing information about deferred tax assets and liabilities arising from Pillar Two income taxes. Furthermore, the Group has reviewed its corporate structure in light of the introduction of Pillar Two Model Rules in various jurisdictions. Since the Group's effective tax rate is well above 15% in all jurisdictions in which it operates, it has determined that it is not subject to Pillar Two "top-up" taxes. Therefore, the consolidated financial statements do not include information required by paragraphs 88A-88D of IAS 12.

EUR'000	2023	2022
Deferred tax		
Deferred tax 1 January	238	-73
Addition from business combination	327	0
Currency translation	10	-1
Deferred tax for the year recognised in profit for the year	2,530	308
Deferred tax for the year recognised in other comprehensive income	0	4
Other adjustments	8	0
Deferred tax 31 December	3,113	238
Reflected in the statement of financial position as follows:		
Deferred tax assets	4,894	4,573
Deferred tax liabilities	-1,781	-4,335
Deferred tax 31 December, net	3,113	238

Of the recognised deferred tax assets, EUR 4,400 thousand (2022: EUR 4,400 thousand) relates to tax losses to be carried forward. The utilisation of tax loss carryforwards is subject to the expected future positive taxable income against which the losses may be offset.

There are unrecognised deferred tax assets relating to tax losses in the group amounting to EUR 2,203 thousand (2022: EUR 1,997 thousand). The deferred tax assets have not been recognised due to uncertainties on the timing of the realisation.

EUR'000	2023	2022
Deferred tax relates to:		
Intangible assets	-5,112	-4,953
Tangible assets	516	459
Tax losses carried forward	4,400	4,400
Other assets and liabilities, net	3,309	332
Total	3,113	238

EUR'000	2023	2022
Income tax payable		
Income tax payable 1 January	2,810	721
Current tax for the year	8,157	3,114
Adjustment in respect of current income tax of previous year	17	-115
Exchange rate adjustments, interests, etc.	17	-1
Corporation tax paid during the year	-4,034	-909
Income tax payable 31 December	6,967	2,810



Section 3

Invested Capital and Working Capital Items

- 3.1 Intangible assets
- 3.2 Property, plant and equipment
- 3.3 Leases
- 3.4 Inventories
- 3.5 Trade and other receivables
- 3.6 Trade payables
- 3.7 Other payables
- 3.8 Provisions
- 3.9 Change in working capital

Invested capital
2022: 101,531 (EUR'000)

147,093

Return on invested capital
2022: 9.4%

22.3%

Investments in new licences
2022: 5,106 (EUR'000)

5,723





Section 3 – Invested Capital and Working Capital Items

3.1 Intangible assets

Accounting policies

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 at least annually, and impairment losses charged in previous years cannot be reversed.

Licences and Software

Licences relate to marketing permits and product approvals. Licences 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. Licences 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 reduced by impairment losses, if any. In case of changes in the amortisation period, 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.

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

Amortisation periods are as follows:

Licences	5 - 8 years
Software	3-10 years

The assets have no scrap value.

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

Development costs

Development expenditures on an individual project are recognised as an intangible asset when the following can be demonstrated:

- 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 the expected future benefit. During the period of development, the asset is tested for impairment annually.

Impairment of non-current assets

At each reporting date, it is assessed whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or Cash generating unit's (CGU) 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 the 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 the determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies, or other available fair value indicators.

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

Impairment losses of continuing operations are recognised in the income statement under 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, the asset's recoverable amount is estimated.

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. 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.



Section 3 – Invested Capital and Working Capital Items

3.1 Intangible assets (continued)

Significant accounting judgements, estimates and assumptions

Valuation of intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives 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 at least annually.

The estimated values of intangible assets are based on management estimations and assumptions and are by nature subject to uncertainty.

EUR'000	Development costs	Software	Licences	Goodwill	Total
Cost 1 January 2023	0	17,380	31,380	5,507	54,267
Additions from business combinations	-	469	-	2,985	3,454
Currency translation	-	-32	-87	-7	-126
Additions	770	96	2,256	-	3,122
Additions internally developed	-770	770	3,467	-	3,467
Reclassification	-	169	-169	-	0
Cost 31 December 2023	0	18,852	36,847	8,485	64,184
Amortisation and impairment 1 January 2023	0	6,612	14,507	-	21,119
Currency translation	-	-21	-53	-	-74
Amortisation	-	1,817	4,240	-	6,057
Write-downs	-	-	413	-	413
Reclassification	-	169	-169	-	0
Amortisation and impairment 31 December 2023	0	8,577	18,938	-	27,515
Carrying amount 31 December 2023	0	10,275	17,909	8,485	36,669



Section 3 – Invested Capital and Working Capital Items

3.1 Intangible assets (continued)

EUR'000	Development costs	Software	Licences	Goodwill	Total
Cost 1 January 2022	0	15,866	26,319	5,507	47,692
Currency translation	-	-15	-45	-	-60
Additions	-	82	1,730	-	1,812
Additions internally developed	1,447	-	3,376	-	4,823
Reclassification	-1,447	1,447	-	-	0
Cost 31 December 2022	0	17,380	31,380	5,507	54,267
Amortisation and impairment 1 January 2022	0	4,540	10,712	-	15,252
Currency translation	-	-9	-19	-	-28
Amortisation	-	1,804	3,529	-	5,333
Write-downs	-	277	285	-	562
Amortisation and impairment 31 December 2022	0	6,612	14,507	-	21,119
Carrying amount 31 December 2022	0	10,768	16,873	5,507	33,148

Development costs comprise capitalised expenses for the ERP system for the Abacus Medicine Group.

Software is amortised over 3-10 years and Licences are amortised over 5-8 years. Software has been written down by EUR 0 thousand in 2023 (2022: EUR 277 thousand) and Licences have been written down by EUR 413 thousand in 2023 (2022: EUR 285 thousand) due to uncertainty as to the future utilisation of the assets. There have been no further indications of impairment of the intangible assets.

Goodwill was recognised as a part of the acquisition of the Abacus Medicine Pharma Services entities on 21 December 2017, Pluripharm Group on 29 July 2020 and ThuisApotheek on 1 July 2023. The carrying amount of goodwill as of 31 December 2023 amounts to EUR 2,910 thousand regarding Abacus Medicine Pharma Services (2022: EUR 2,917 thousand), EUR 2,590 thousand regarding Pluripharm (2022: EUR 2,590 thousand) and EUR 2,985 thousand regarding ThuisApotheek. Since goodwill is not amortised, the carrying amount is at least tested for impairment annually. The impairment test in 2023 did not give rise to recognising any impairment losses. Additions from business combination regarding ThuisApotheek B.V. amounts to EUR 2,985 thousand as specified in note 5.5.

Key assumptions

The calculation of the recoverable amount is based on a value-in-use calculation of the Abacus Medicine Pharma Services business and the Pluripharm business, which comprises of the following key assumptions:

- Revenue growth in budget period
- Gross profit
- Development in net working capital
- Capex
- Discount rate
- Growth rate in terminal period

The revenue growth and the gross profit figures used in the impairment tests are based on the budget for 2024 prepared by the management and approved by the Board of Directors, and outlook for the subsequent 2 years.



Section 3 – Invested Capital and Working Capital Items

3.1 Intangible assets (continued)

The average yearly revenue growth applied in the period 2024-2026 is 48% (2022: 28%) for Abacus Medicine Pharma Services, 28% for Pluripharm in the period 2024-2026 (2022: 11%) and 35% for ThuisApotheek in the period 2024-2028. Further, we have applied gross margin for Abacus Medicine Pharma Services of 13.5%, for Pluripharm 5.9% and for ThuisApotheek 16.4% until the terminal periods based on the estimates in the approved budgets and outlook for the coming years. By nature, such projections are subject to judgement and estimates that are uncertain. The actual revenue in 2023 amounted to EUR 45 million for Abacus Medicine Pharma Services, EUR 367 million for Pluripharm and EUR 11 million for ThuisApotheek.

Net working capital in the budget, relative to the revenue, is based on the best estimation and increases on a linear basis as the activity level increases.

We have used a pre-tax discount rate of 15.6% for Abacus Medicine Pharma Services (2022: 15.2%), 12.9% for Pluripharm (2022: 12.6%) and 12.9% for ThuisApotheek, which represent the current market assessment of the risks specific to Abacus Medicine Pharma Services, Pluripharm and ThuisApotheek, 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 Abacus Medicine Pharma Services, Pluripharm and ThuisApotheek. 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% (2022: 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.

3.2 Property, plant and equipment

Accounting policies

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

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

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

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

Depreciation is calculated on cost price less residual 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 on the sale of property, plant and equipment are 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 Other operating income and Other operating expenses, respectively.

EUR'000	Land and buildings	Leasehold improvements	Other fixtures and fittings, plant and equipment	Total
Cost 1 January 2023	3,802	1,742	12,992	18,536
Additions from business combinations	-	-	20	20
Currency translation	-	39	110	149
Additions for the year	382	230	1,469	2,081
Disposals	-	-37	-206	-243
Cost 31 December 2023	4,184	1,974	14,385	20,543
Depreciation and impairment 1 January 2023	503	959	6,642	8,104
Currency translation	-	26	16	42
Depreciation	192	251	1,631	2,074
Disposals	-	-37	-187	-224
Depreciation and impairment 31 December 2023	695	1,199	8,102	9,996
Carrying amount 31 December 2023	3,489	775	6,283	10,547



Section 3 – Invested Capital and Working Capital Items

3.2 Property, plant and equipment (continued)

EUR'000	Land and buildings	Leasehold improvements	Other fixtures and fittings, plant and equipment	Total
Cost 1 January 2022	3,796	1,533	11,870	17,199
Currency translation	-	-61	-341	-402
Additions for the year	6	307	1,660	1,973
Disposals	-	-37	-197	-234
Cost 31 December 2022	3,802	1,742	12,992	18,536
Depreciation and impairment 1 January 2022	324	838	5,069	6,231
Currency translation	-	-45	-48	-93
Depreciation	179	203	1,818	2,200
Disposals	-	-37	-197	-234
Depreciation and impairment 31 December 2022	503	959	6,642	8,104
Carrying amount 31 December 2022	3,299	783	6,350	10,432

There have been no indications of impairment of items of property, plant and equipment.

3.3 Leases

Accounting policies

Right-of-use assets

Right-of-use assets are recognised 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, lease liabilities are recognised measured at the present value of lease payments to be made over the lease term. 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. 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 expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the incremental borrowing rate at the lease commencement date is used 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

The short-term lease recognition exemption is applied to 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.



Section 3 – Invested Capital and Working Capital Items

3.3 Leases (continued)

EUR'000	Buildings	Other fixed assets	Total
Right-of-use assets			
Opening balance 1 January 2023	7,727	1,755	9,482
Additions from business combinations	-	34	34
Additions	-	602	602
Disposals	-	-22	-22
Depreciation	-2,628	-772	-3,400
Remeasurement of lease liabilities	960	-	960
Carrying amount 31 December 2023	6,059	1,597	7,656
Opening balance 1 January 2022			
Opening balance 1 January 2022	8,143	1,665	9,808
Additions	1,569	673	2,242
Disposals	-	-	0
Depreciation	-2,547	-795	-3,342
Remeasurement of lease liabilities	562	212	774
Carrying amount 31 December 2022	7,727	1,755	9,482

EUR'000	2023	2022
Lease liabilities		
Maturity analysis - contractual undiscounted cash flows		
Less than 1 year	3,640	3,444
Between 1 and 5 years	5,196	8,197
More than 5 years	0	0
Undiscounted cash flows	8,836	11,641
Lease liability recognised on the balance sheet	8,438	10,207
Current lease liability	3,420	2,825
Non-current lease liability	5,018	7,382

EUR'000	2023	2022
Amount recognised in the income statement		
Interest expense from lease liabilities	292	321
Lease expenses for short-term leases	0	0
Total	292	321

In 2023, Abacus Medicine paid EUR 3,636 thousand (2022: EUR 3,275 thousand) on lease contracts of which interest payments related to lease liabilities amount to EUR 233 thousand (2022: EUR 189 thousand) and down payments on lease liabilities amounts to EUR 3,403 thousand (2022: EUR 3,086 thousand).

Costs recognised in the period for short-term leases were EUR 0 thousand (2022: EUR 0 thousand) and low-value leases were EUR 0 thousand (2022: EUR 0 thousand). Expenses are recognised on a straight-line basis as Other external costs.

3.4 Inventories

Accounting policies

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 developments in the expected selling price.

Significant accounting judgements, estimates and assumptions

Inventory write-downs

The valuation of the inventories 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.



Section 3 – Invested Capital and Working Capital Items

3.4 Inventories (continued)

EUR'000	2023	2022
Raw materials and consumables	117,084	42,071
Manufactured goods and goods for resale	82,795	74,715
Total inventories at the lower of cost and net realisable value	199,879	116,786

During 2023, EUR 5,858 thousand (2022: EUR 6,440 thousand) was recognised as an expense for inventories carried at net realisable value due to expired goods. This is recognised as Cost of sales, please refer to note 2.2.

EUR'000	2023	2022
Inventory write-downs 1 January	1,539	2,653
Utilised and reversed during the year	-1,539	-2,653
Additional write-downs during the year	1,485	1,539
Inventory write-downs 31 December	1,485	1,539

3.5 Trade and other receivables

Accounting policies

Receivables

Receivables are measured at amortised cost.

The measurement of provisions for bad debt for receivables is based on the simplified expected credit loss model to measure the expected credit loss for all trade receivables. Based on the low realised losses on receivables historically, adjustments to reflect current and forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivable, do not increase the risk of losses significantly. 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.

EUR'000	2023	2022
Non-current		
Other receivables	233	529
Total non-current	233	529
Current		
Receivables from sales and services	23,370	17,021
Receivables from associates	0	1,717
Deposits regarding factoring agreement	6,523	4,975
VAT receivables	17,311	15,427
Other receivables	6,503	7,568
Receivable from parent company	67	0
Prepayments	1,937	1,263
Total current	55,711	47,971

Abacus Medicine's customers are mainly wholesalers and pharmacies. In general, all Abacus Medicine's invoices to customers are sold to a factoring company which limits the trade receivable risk and days. We refer to section 4.5 on liquidity risks for further description of the factoring agreements. 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 historically not suffered any significant losses. The provision for bad debt amounts to EUR 0.6 million at 31 December 2023 (2022: EUR 0.8 million).



Section 3 – Invested Capital and Working Capital Items

3.6 Trade payables

EUR'000	2023	2022
Trade payables	131,629	84,332
Total	131,629	84,332

3.7 Other payables

EUR'000	2023	2022
Non-current		
VAT payables	729	995
Employee related payables	1,344	1,245
Total non-current	2,073	2,240
Current		
VAT payables	12,077	18,496
Employee related payables	8,554	4,866
Other payables	110	138
Total current	20,741	23,500

3.8 Provisions

Accounting policies

Provisions comprise of 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.

EUR'000	Return provisions
1 January 2023	4,257
Arising during the year	5,388
Utilised and reversed during the year	-4,257
31 December 2023	5,388
Current	5,388
Non-current	-

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

3.9 Change in working capital

EUR'000	2023	2022
Change in inventories	-79,209	-4,010
Change in receivables	-5,604	-11,191
Change in trade payables etc.	42,247	24,755
Change in provisions etc.	1,131	123
Other non-cash items	-1,672	858
Total	-43,107	10,535



Section 4

Capital Structure and Net Financials

Earnings per share
2022: 0.6 (EUR)

1.9

Return on equity
2022: 10.1%

28.3%

- 4.1 Equity
- 4.2 Earnings per share and dividend
- 4.3 Cash
- 4.4 Borrowings
- 4.5 Financial risk and financial instruments





Section 4 – Capital structure and Net Financials

4.1 Equity

Accounting policies

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).

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. Abacus Medicine intends on retaining all future earnings to finance future growth, however Abacus Medicine may pay dividends to shareholders, return capital to shareholders or issue new shares to maintain or adjust the capital structure. Abacus Medicine monitors capital using a solvency ratio, which is total equity

divided by total equity and liabilities. Abacus Medicine's long term target is to achieve the solvency ratio at minimum 30% (end 2023: 25%, end 2022: 26%).

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 covenants in the newly renegotiated bank agreement is based on the inventory level compared to credit utilisation, solvency and leverage. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

Equity

Issued shares

	2023	2022	Number 2021	2020	2019
1 January	10,324,029	10,300,661	10,193,114	10,113,245	7,450,000
Additions	-	23,368	107,547	79,869	2,663,245
31 December – fully paid	10,324,029	10,324,029	10,300,661	10,193,114	10,113,245

	Nominal value (EUR)				
	2023	2022	2021	2020	2019
1 January	516,201	515,033	509,656	505,662	372,500
Additions	-	1,168	5,377	3,994	133,162
31 December – fully paid	516,201	516,201	515,033	509,656	505,662

The share capital consists of 10,324,029 shares with a nominal value of EUR 0.05 each. None of the shares are assigned with special rights.

Treasury shares	No. of shares	Nom. value	% of share capital
1 January 2023	-	-	-
Acquired from employees	15,450	773	0.1%
31 December 2023	15,450	773	0.1%

All own shares are owned by Abacus Medicine A/S. Treasury shares were acquired in connection with employees leaving the Group.



Section 4 – Capital structure and Net Financials

4.2 Earnings per share and dividend

EUR'000	2023	2022
Profit attributable to equity holders	20,042	5,819
Weighted average number of ordinary shares	10,324,029	10,324,029
Weighted average number of treasury shares	7,725	0
Weighted average number of ordinary shares in circulation	10,316,304	10,324,029
Effect of share options	363,612	288,835
Weighted average number of ordinary shares adjusted for the effect of dilution	10,679,916	10,612,864
Basic earnings per share, EUR	1.94	0.56
Diluted earnings per share, EUR	1.88	0.55

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.

4.3 Cash

Accounting policies

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

EUR'000	2023	2022
Cash at bank and in hand	3,268	9,971
Total cash	3,268	9,971

4.4 Borrowings

EUR'000	2023	2022
Current liabilities		
Credit institutions and banks	61,057	40,325
Amortised costs	0	-21
Total current liabilities	61,057	40,304
Carrying amount, Non-current and Current liabilities	61,057	40,304
Nominal amount	61,057	40,325

At the beginning of 2024, Abacus Medicine has received commitment for a new credit facility from Danske Bank, with a maximum credit limit of EUR 101 million (DKK 750 million). The committed credit facility is expected to be signed in March 2024. The credit facility will be renegotiated on a three year basis.



Section 4 – Capital structure and Net Financials

4.5 Financial risk and financial instruments

Accounting policies

Derivative financial instruments

Forward currency contracts (derivative financial instruments) are used to hedge 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 hedged item affects the income statement.

Risk management policy

Abacus Medicine's principal financial liabilities, other than derivatives, comprise borrowings, trade payables, other payables and lease liabilities. The main purpose of these financial liabilities is to finance and support the Group's 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. Management oversees the control of these risks. The Board of Directors reviews and approves policies for managing each of these risks, which are summarised below.

We also refer to the Risk Management section in 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 the operating activities (when revenue or expense is denominated in a foreign currency) and 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 bank.

Sales/receivables: Abacus Medicine enters sales agreements with customers, which will result in invoicing in DKK, EUR, SEK, NOK and GBP. The exposure to fluctuations in EUR/DKK is considered to be limited due to Denmark's fixed exchange rate policy towards EUR and is consequently not hedged. Sales in

SEK, NOK and GBP are considered a risk, as the currency historically has been unstable compared to EUR/DKK.

Purchase/payables: On the purchase side, EUR is the main currency, but products and freight services are also purchased in other currencies. 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 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 is also limited and therefore the company does not enter forward transactions.

Production costs (repackaging costs): the largest repackaging facility is located in Hungary, and therefore employee expenses, rent of premises etc. are in Hungarian HUF, which historically has been volatile compared to the EUR.

Group Finance can enter hedges with the bank on the basis of confirmed customer orders or on the budgeted sales. Foreign exchange forward contracts are designated as hedging instruments in cash flow hedges of forecasted sales in foreign currencies. 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 Medicine 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.



Section 4 – Capital structure and Net Financials

4.5 Financial risk and financial instruments (continued)

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 on the profit before tax from a change in Abacus Medicine's primary foreign currencies.

EUR'000	Change in exchange rate	Profit before tax	
		2023	2022
SEK	5%	-31	-43
GBP	5%	-94	-89
NOK	5%	132	166
PLN	5%	90	82
HUF	5%	0	1
CZK	5%	44	41

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 Abacus Medicine's newly renegotiated credit facility with Danske Bank with a credit limit of EUR 101 million (DKK 750 million) and the factoring agreement with AL Finans with a limit of EUR 188 million (DKK 1,400 million). Further, the Group has an exposure to the risk of changes in market interest rates entered related to the factoring agreement with Coface with a limit of EUR 50 million for the activities in Pluripharm. 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 being equal affect Abacus Medicine's income statement by EUR 2.5 million (2022: EUR 1.8 million) and equity by EUR 2.5 million (2022: EUR 1.8 million).

Liquidity risk

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

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

This objective is met through building and maintaining sound and trustworthy relationships with bank and factoring companies, which have resulted in the existence of sufficiently large credit lines for factoring and credit facilities.

At the beginning of 2024, Abacus Medicine has received commitment for a new credit facility from Danske Bank, with a maximum credit limit of EUR 101 million (DKK 750 million). The committed credit facility is expected to be signed in March 2024. The credit facility will be renegotiated on a three year basis. Further, Abacus Medicine has a factoring agreement with AL Finans with a limit of EUR 188 million (DKK 1,400 million) and a factoring agreement with Coface with a limit of EUR 50 million relating to the activities in Pluripharm. Factoring is chosen because it allows for financing of nearly all sales invoices no later than the day after the invoice has been issued.



Section 4 – Capital structure and Net Financials

4.5 Financial risk and financial instruments (continued)

EUR'000	Contractual cash flows	< 1 year	1 - 3 years	3 - 5 years	>5 years
Maturity analysis					
2023					
Non-derivative financial instruments					
Credit institutions and banks	61,057	61,057	-	-	-
Trade payables	131,629	131,629	-	-	-
Other payables	22,814	20,741	729	-	1,344
Lease liabilities	8,836	3,640	5,010	186	-
Derivative financial instruments					
Exchange rate hedging	-	-	-	-	-
31 December 2023	224,336	217,067	5,739	186	1,344
2022					
Non-derivative financial instruments					
Credit institutions and banks	40,325	40,325	-	-	-
Trade payables	84,332	84,332	-	-	-
Other payables	25,740	23,500	995	-	1,245
Lease liabilities	11,641	3,444	6,331	1,866	-
Derivative financial instruments					
Exchange rate hedging	-	-	-	-	-
31 December 2022	162,038	151,601	7,326	1,866	1,245

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.

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 Abacus Medicine 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. Nearly all trade receivables are sold to factoring companies and thereby the credit risk is limited. A reference is also made to note 3.5 Trade and other receivables. Any outstanding customer receivables and contract assets are regularly monitored, and any shipments to major customers are generally covered by credit insurance.

Allowance for bad debt amounts to EUR 0.6 million as of 31 December 2023 (2022: EUR 0.8 million).



Consolidated financial statements 1 January - 31 December

Section 4 – Capital structure and Net Financials

4.5 Financial risk and financial instruments (continued)

EUR'000	Carrying amount		Fair value	
	2023	2022	2023	2022
Categories of financial instruments				
Financial assets at fair value – hedging instruments				
Derivative financial instruments	0	0	0	0
Total	0	0	0	0
Financial assets measured at amortised cost				
Trade receivables	55,711	47,971	55,711	47,971
Cash	3,268	9,971	3,268	9,971
Total	58,979	57,942	58,979	57,942
Financial liabilities at fair value – hedging instruments				
Derivative financial instruments	0	0	0	0
Total	0	0	0	0
Financial liabilities measured at amortised cost				
Borrowings	61,057	40,304	61,057	40,325
Lease liabilities	8,438	10,207	8,438	10,207
Trade payables	131,629	84,332	131,629	84,332
Other payables	22,814	25,740	22,814	25,740
Total	223,938	160,583	223,938	160,604

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 0.0 million; 2022: EUR 0.0 million), revenue for derivatives related to sales (EUR 0.0 million; 2022: EUR 0.0 million) and production costs (EUR 0.0 million; 2022: EUR 0.0 million).



Section 4 – Capital structure and Net Financials

4.5 Financial risk and financial instruments (continued)

EUR'000	1 Jan '23	Non-cash movements	Addition from business combination	Financing cash flow	31 Dec '23
Net financing cash flow					
Borrowings	40,304	21	0	20,732	61,057
Lease liabilities	10,207	1,600	34	-3,403	8,438
Total	50,511	1,621	34	17,329	69,495

Methods and assumptions for calculating fair value

The applied methods and assumptions for calculating the fair values of financial instruments are 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 Group has not used Cash flow hedging instruments in 2022 and 2023.



Section 5

Other disclosures

No. of subsidiaries in the group
2022: 36

35

Fees to auditors
2022: 312 (EUR'000)

409

- 5.1 Contractual obligations and contingencies
- 5.2 Mortgages and collateral
- 5.3 Investments
- 5.4 Related party disclosures
- 5.5 Business combinations
- 5.6 Events after the reporting period
- 5.7 Fees to auditors appointed at the annual general meeting





Section 5 – Other disclosures

5.1 Contractual obligations and contingencies

Contingent liabilities

Abacus Medicine A/S 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.

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

5.2 Mortgages and collateral

Bank debt of EUR 61 million within Abacus Medicine has been secured by way of a pledge on all of Abacus Medicine's existing as well as future receivables, totalling EUR 46 million (2022: EUR 34 million), in intangible assets totalling EUR 30 million (2022: EUR 29 million), property, plant and equipment totalling EUR 2 million (2022: EUR 2 million) and inventories totalling EUR 177 million (2022: EUR 105 million).

5.3 Investments

Accounting policies

Investments in associates

Investments in associates are recognised initially at cost and subsequently measured using the equity method.

Under the equity method, an investment in an associated company is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in Abacus Medicine's share of net assets of the associated company since the acquisition date. Goodwill relating to the associated company is included in the carrying amount of the investment and is not tested for impairment separately, however the carrying amount of the investments in associated companies is subject to an annual test for indications of impairment.

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

Other securities

Other equity investments that are not investments in associates are classified as Other securities. On initial recognition, Other securities are measured at fair value, and subsequently measured at fair value at the balance sheet date. The fair value is based on recognised valuation methods and reasonable estimates (non-observable market information). Both realised and unrealised gains and losses are recognised in the income statement under Finance income and Finance expenses.



Section 5 – Other disclosures

5.3 Investments (continued)

Name	Registered office	Ownership 2023 and voting rights	Ownership 2022 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%	100%
PharmaSave BVBA	Belgium	100%	100%
Originalis B.V.	The Netherlands	100%	100%
Abacus Medicine WH B.V.	The Netherlands	100%	100%
Aposave S.L.	Spain	100%	100%
Zdrave Med Ltd.	Bulgaria	100%	100%
Abacus Medicine Pharma Services ApS	Denmark	100%	100%
Abacus Medicine Pharma Services Ltd.	United Kingdom	100%	100%
Abacus Medicine Pharma Services Asia Ltd.	Hong Kong	100%	100%
Abacus Medicine Pharma Services Inc.	USA	100%	100%
Abacus Medicine Pharma Services B.V.	The Netherlands	100%	100%
Aposave Mexico S de RL de	Mexico	100%	100%
ApoSave Peru	Peru	100%	100%

Name	Registered office	Ownership 2023 and voting rights	Ownership 2022 and voting rights
Pluripharm Holding B.V.	The Netherlands	100%	100%
Pluripharm Groep B.V.	The Netherlands	100%	100%
ThuisApotheek B.V.**	The Netherlands	100%	50%
Clinic Care Services B.V.***	The Netherlands	-	17%
Pluripharm B.V.	The Netherlands	100%	100%
Pluripack Alkmaar	The Netherlands	100%	100%
Pluripack Zwolle	The Netherlands	100%	100%
Pluripack Breda	The Netherlands	100%	100%
Pluriplus B.V.	The Netherlands	100%	100%
Distrimed B.V.	The Netherlands	100%	100%
Pluripharm Apotheek Beheer B.V.	The Netherlands	100%	100%
Apotheekfonds Pharmaconnect B.V.	The Netherlands	50%	50%
Pluripharm Direct B.V.	The Netherlands	100%	100%
Phardis B.V.	The Netherlands	100%	100%
Instellingsapothek B.V.	The Netherlands	100%	100%

* Abacus Medicine Berlin GmbH has made use of the exemption option under Section 264 (3) HGB under German law. The prerequisite for this is the reference to the use of this exemption option in the consolidated notes of the Parent Company. This notice is hereby given.

** In 2023 the Abacus Medicine Group acquired the remaining 50 % of the shares in ThuisApotheek B.V.

*** In 2023 the Abacus Medicine Group divested all minority shares in Clinic Care Services B.V.



Section 5 – Other disclosures

5.4 Related party disclosures

Controlling Influence

Wagner Family Holding ApS, Kalvebod Brygge 35, 1560 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	2023	2022
Receivable from parent company	67	0

Terms and conditions of transactions with related parties

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 2023, Abacus Medicine has not recorded any impairment of receivables relating to amounts owed by related parties (2022: 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 include Abacus Medicine's Board of Directors and Chief Executive Officer (CEO) 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 2.3.

5.5 Business combinations

Accounting policies

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

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IFRS 9 in the income statement.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in such circumstances is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.



Section 5 – Other disclosures

5.5 Business combinations (continued)

Acquisition of ThuisApotheek B.V.

In July 2023, Pluripharm Groep B.V. acquired the remaining 50% of the shares in ThuisApotheek B.V., and consequently now is the majority shareholder of ThuisApotheek. Pluripharm Groep B.V. has owned 50% of ThuisApotheek B.V. since 2014.

Strategic rationale and synergies

Pluripharm Groep B.V.'s partial ownership has provided valuable insights into the business of ThuisApotheek and prosperities for the company. This include that online pharmacies experience higher margins compared to the traditional Dutch wholesale medicine business.

Consideration transferred

The consideration transferred for the 50% shares in ThuisApotheek B.V. was EUR 746 thousand.

Earnings impact

The acquisition of ThuisApotheek B.V. has impacted the 2023 result of Abacus Medicine Group with EUR 5,944 thousand in revenue and EUR 1,117 thousand in gross profit.

If the acquisition had occurred on 1 January 2023, consolidated pro forma revenue and gross profit before special items would have contributed approximately EUR 11,295 thousand and EUR 1,962 thousand, respectively, to the consolidated reporting for the period ended 31 December 2023.

Transactions costs

The total transaction costs recognised amounts to EUR 6 thousand in Other external costs.

Fair value of acquired net assets and recognised goodwill

The fair value of the acquired net assets, goodwill and contingent assets and liabilities recognised at the reporting date are still provisional. Adjustments can be applied to these amounts for a period of up to twelve months from the acquisition date in accordance with IFRS 3. Recognised goodwill is non-deductible for tax purposes.

Goodwill is mainly related to the workforce and the knowhow within the company.

The provisional fair value of identified net assets and goodwill recognised comprises as follows:

EUR'000	Fair value at date of acquisition
Net assets and goodwill	
Intangible assets	469
Property, plant and equipment	21
Right of use assets	34
Deferred tax assets	327
Inventories	660
Trade and other receivables	193
Cash and cash equivalents	175
Total assets	1,879
Lease liabilities	34
Trade payables	1,724
Other payables	1,614
Total liabilities	3,372
Acquired net assets	-1,493
Goodwill	2,985
Fair value of existing share on net assets in connection with step-acquisition	-746
Total cash consideration paid	746

Fair value measurement

Material net assets acquired for which significant estimates have been applied in the fair value assessment have been recognised using the following valuation techniques:

Intangible assets

Fair value of intangible assets, in the form of software, is measured at cost less amortization.

Property, plant and equipment

Fair value of property, plant and equipment relating to material individual assets is measured at cost less amortization.

Deferred tax asset

Deferred tax asset does mainly consist of tax losses carried forward. Fair value of the deferred tax asset is based on the expected utilization of the tax losses.

Inventories

Inventories are recognized at the lower of selling price less cost to sell or cost. As no material write-downs were identified related to the acquisition, booked value at the acquisition date is considered to be fair value of inventories.

Trade receivables and payables, contract assets and accrued cost of services

Fair value of trade receivables and trade payables, contract assets and accrued cost of services has been measured at the contractual amount expected to be received or paid. In addition, collectability has been taken into consideration on trade receivables. The amounts have not been discounted, as maturity on receivables and payables is generally very short and the discounted effect therefore immaterial.

Financial liabilities

Lease liabilities have been measured at the present value of the remaining lease payments at the acquisition date discounted using an appropriate incremental borrowing rate.



Section 5 – Other disclosures

5.6 Events after the reporting period

No events have occurred after the balance sheet date which could have a material effect on Abacus Medicine's financial position at 31 December 2023.

5.7 Fees to auditors appointed at the annual general meeting

Fees to Abacus Medicine's auditor for the audit of Abacus Medicine's financial statements and other non-audit services are specified below.

EUR'000	2023	2022
Audit	393	310
Other assurance engagements	0	0
Total audit related services	393	310
Tax consultancy	7	0
Other non-audit services	9	2
Total fee to EY	409	312

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



Definition of key figures and ratios

Financial ratios

Key figures and financial ratios stated in the consolidated financial statements have been calculated as follows:

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBITDA margin	$\frac{\text{Operating profit excl. amortisation and depreciation} \times 100}{\text{Revenue}}$
Operating profit (EBIT) margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Revenue growth	$\frac{\text{Current year revenue} - \text{prior year revenue} \times 100}{\text{Revenue}}$
Return on invested capital (ROIC)	$\frac{\text{Operating profit (EBIT)} \times (1 - \text{effective tax rate}) \times 100}{\text{Average invested capital}}$
Invested capital consists of intangible assets, PP&E, right-of-use assets, inventories, trade and other receivables, deferred tax, provisions, trade payables, income tax payables and other payables.	
Solvency ratio	$\frac{\text{Closing equity} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit for the year after tax} \times 100}{\text{Average equity}}$

Earnings per share, EUR

$$\frac{\text{Net profit}}{\text{Average number of shares outstanding}}$$

Diluted earnings per share, EUR

$$\frac{\text{Net profit}}{\text{Average number of shares outstanding, including the dilutive effect of share options}}$$

Net interest-bearing debt consists of the net amount of cash, borrowings and lease liabilities.

Liquidity available consists of the net amount of cash and borrowings deducted from the credit limit.

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 alternative performance measures, please see below.

Adjusted EBITDA margin

$$\frac{\text{Operating profit (EBIT) excl. amortisation, depreciation and special items} \times 100}{\text{Revenue}}$$

Adjusted return on invested capital (Adjusted ROIC)

$$\frac{\text{Operating profit (EBIT) excl. special items} \times (1 - \text{effective tax rate adjusted for special items}) \times 100}{\text{Adjusted invested capital}}$$



Parent Company financial statements

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Income statement

Note	EUR'000	2023	2022
2.1	Revenue	832,248	675,307
2.2	Cost of sales	-744,972	-615,689
	Gross profit	87,276	59,618
	Other external costs	-22,758	-14,153
2.3	Staff costs	-29,904	-22,281
	Operating profit before depreciation, amortisation and special items (adjusted EBITDA)	34,614	23,184
2.5	Special items	0	0
	Operating profit before depreciation and amortisation (EBITDA)	34,614	23,184
2.6	Depreciation and amortisation	-6,750	-6,172
	Operating profit (EBIT)	27,864	17,012
3.4	Share of profit (loss) from subsidiaries accounted under the equity method	3,665	-4,363
2.7	Finance income	4,047	865
2.7	Finance expenses	-10,764	-4,971
	Profit before tax	24,812	8,543
2.8	Tax on profit for the year	-4,770	-2,724
	Profit for the year	20,042	5,819

Statement of comprehensive income

Note	EUR'000	2023	2022
	Profit for the year	20,042	5,819
	Comprehensive income		
	<i>Comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
4.4	Cash flow hedges – effective portion of changes in fair value	0	-19
	Exchange differences on translation of foreign operations	-186	188
2.8	Income tax effect	0	4
		-186	173
	Comprehensive income/(loss) for the year, net of tax	-186	173
	Total comprehensive income	19,856	5,992



Balance sheet

Note	EUR'000	2023	2022
ASSETS			
Non-current assets			
3.1	Intangible assets	23,229	22,554
3.2	Property, plant and equipment	184	367
3.3	Right-of-use assets	3,395	4,171
3.4	Investments in subsidiaries	21,023	15,775
Total non-current assets		47,831	42,867
Current assets			
3.5	Inventories	169,643	98,738
3.6	Trade and other receivables	68,342	38,295
4.2	Cash	1	1
Total current assets		237,986	137,034
TOTAL ASSETS		285,817	179,901

Note	EUR'000	2023	2022
EQUITY AND LIABILITIES			
Equity			
4.1	Share capital	516	516
4.1	Reserve for net revaluation according to the equity method	0	0
4.1	Other reserves	1,174	1,321
	Retained earnings	79,176	59,154
Total equity		80,866	60,991
Non-current liabilities			
2.8	Deferred tax liabilities	1,781	4,326
3.3	Lease liabilities	2,625	3,454
3.8	Other payables	1,344	1,245
Total non-current liabilities		5,750	9,025
Current liabilities			
4.3	Borrowings	60,487	39,729
3.3	Lease liabilities	1,322	1,235
3.9	Provisions	5,388	4,257
3.7	Trade payables	106,928	41,266
2.8	Income tax payable	6,890	2,460
3.8	Other payables	18,186	20,938
Total current liabilities		199,201	109,885
Total liabilities		204,951	118,910
Total EQUITY AND LIABILITIES		285,817	179,901



Cash flow statement

Note	EUR'000	2023	2022
Operating activities			
	Profit before tax	24,812	8,543
Reversal of items from the income statement:			
2.6	Depreciation and amortisation	6,750	6,172
3.4	Share of profit from subsidiaries	-3,665	4,363
2.7	Finance income	-4,047	-865
2.7	Finance expenses	10,764	4,971
3.10	Changes in working capital	-35,523	-980
	Interest received	2,861	632
	Interest paid	-10,687	-4,728
2.8	Income tax paid	-2,884	-725
Cash flow from operating activities		-11,619	17,383

Note	EUR'000	2023	2022
Investing activities			
3.1	Investment in intangible assets	-5,983	-6,426
3.2	Investment in property, plant and equipment	-33	-192
	Acquisition of and capital increase in subsidiary	0	-3
	Paid deposits regarding buildings etc.	0	44
	Disposals, non-current assets	0	0
Cash flow from investing activities		-6,016	-6,577
Financing activities			
	Proceeds from borrowings	20,737	-9,300
	Proceeds from exercise of warrants	0	237
3.3	Instalment of lease liabilities	-1,292	-1,004
	Purchase of treasury shares	-262	0
	Deposits regarding factoring agreement	-1,548	-740
Cash flow from financing activities		17,635	-10,807
Net cash flow		0	-1
	Cash 1 January	1	2
	Effect of exchange rate changes on cash in a foreign currency	0	0
4.2	Cash 31 December	1	1



Statement of changes in equity

EUR'000	Share capital	Cash flow hedge reserve	Reserve for development costs	Treasury shares	Reserve for net revaluation according to the equity method	Retained earnings	Total
Equity 1 January 2023	516	-	1,321	-	-	59,154	60,991
Total comprehensive income							
Profit for the year	-	-	115	-	146	19,781	20,042
Comprehensive income							
Exchange differences on translation of foreign operations and other adj.	-	-	-	-	-146	-40	-186
Total comprehensive income	-	-	-	-	-146	-40	-186
Total comprehensive income for the period	-	-	115	-	-	19,741	19,856
Transactions with owners							
Purchase of treasury shares	-	-	-	-262	-	-	-262
Equity-settled share-based payments	-	-	-	-	-	281	281
Total transactions with owners	-	-	-	-262	-	281	19
Equity 31 December 2023	516	-	1,436	-262	-	79,176	80,866

EUR'000	Share capital	Cash flow hedge reserve	Reserve for development costs	Reserve for net revaluation according to the equity method	Retained earnings	Total
Equity 1 January 2022	515	15	558	-	53,558	54,646
Total comprehensive income						
Profit for the year	-	-	763	-324	5,380	5,819
Comprehensive income						
Cash flow hedges – effective portion of changes in fair value	-	-19	-	-	-	-19
Exchange differences on translation of foreign operations and other adj.	-	-	-	324	-136	188
Tax on other comprehensive income	-	4	-	-	-	4
Total comprehensive income	-	-15	-	324	-136	173
Total comprehensive income for the period	-	-15	763	-	5,244	5,992
Transactions with owners						
Capital increase	1	-	-	-	236	237
Equity-settled share-based payments	-	-	-	-	116	116
Total transactions with owners	1	-	-	-	352	353
Equity 31 December 2022	516	-	1,321	-	59,154	60,991



Section 1

Basis of preparation

- 1.1 Accounting policies
- 1.2 New accounting policies and disclosures
- 1.3 Standards issued but not yet effective
- 1.4 Significant accounting judgements, estimates and assumptions





Section 1 – Basis of preparation

1.1 Accounting policies

For general information about the Parent Company, Abacus Medicine A/S, including description of its principal activities, reference is made to note 1.1 in the consolidated financial statements.

Basis of preparation

The separate financial statements of the Parent Company have been included in the annual report as required by the Danish Financial Statements Act.

The separate financial statements for the Parent Company for 2023 are prepared in accordance with IFRS® Accounting Standards and additional requirements according to the Danish Financial Statements Act applying to large reporting class C entities.

The financial statements have been prepared on a historical cost basis.

Financial statements of the Parent Company

The accounting policies of the Parent Company are unchanged from last year and consistent with those applied in the consolidated financial statements, including the accounting policies for investments in group subsidiaries as described in note 3.4.

1.2 New accounting policies and disclosures

Abacus Medicine has implemented the standards and amendments that are effective for the financial year 2023. The new standards and amendments have not affected Abacus Medicine's recognition or measurement of financial items for 2023, nor are they expected to have any significant future impact.

1.3 Standards issued but not yet effective

The IASB has issued a number of new standards and amendments not yet in effect or endorsed by the EU and therefore not relevant for the preparation of the 2023 financial statements. Abacus Medicine expects to implement these standards when they take effect.

None of the new standards issued are currently expected to have any significant impact on the financial statements when implemented.

1.4 Significant accounting judgements, estimates and assumptions

Management assesses that, in respect of the financial reporting for the Parent Company, no accounting estimates or judgements are made when applying the Parent Company's accounting policies which are significant to the financial reporting apart from those disclosed in note 1.4 to the consolidated financial statements.



Section 2

Result of the Year

- 2.1 Revenue
- 2.2 Cost of sales
- 2.3 Staff costs
- 2.4 Share-based payments
- 2.5 Special items
- 2.6 Depreciation and amortisation
- 2.7 Finance items, net
- 2.8 Income tax





Section 2 – Result of the Year

2.1 Revenue

Revenue in business operations includes the activities in Abacus Medicine - Pharma Trading and Pharma Services.

EUR'000	2023	2022
Abacus Medicine - Pharma Trading and Pharma Services	832,248	675,307
	832,248	675,307

2.2 Cost of sales

Cost of sales comprise of the following:

EUR'000	2023	2022
Cost of inventories recognised as an expense	741,892	611,722
Write-down of inventories, net	3,080	3,967
	744,972	615,689

2.3 Staff costs

EUR'000	2023	2022
Wages and salaries	26,386	19,853
Pensions, defined contribution plans	1,852	1,474
Other social security costs	180	172
Other staff costs	2,156	1,509
Share-based payment expense	214	76
Total employee benefit expenses	30,788	23,084
Of which are capitalised as intangible assets	-884	-803
Total employee benefit expense in the income statement	29,904	22,281
Average number of full-time employees	241	207

The below amounts are included in the total staff costs.

EUR'000	2023	2022
Board of Directors and Chief Executive Officer		
Wages and salaries	942	730
Pensions, defined contribution plans	58	46
Social security costs	1	1
Total	1,001	777
Average number	7	7

EUR'000	2023	2022
Key Management Personnel		
Wages and salaries	2,217	1,656
Pensions, defined contribution plans	164	126
Share-based payments	56	34
Social security costs	10	8
Total	2,447	1,824
Average number	7	6

Key Management Personnel is defined as the members of the day-to-day management and includes the CFO, CLO, CCO, COO, CIO, EVPs and the HR Director.

Remuneration to the Chief Executive Officer and Board of Directors represents EUR 1,004 thousand (2022: EUR 777 thousand). Abacus Medicine has entered into warrant agreements with members of the Executive Management Team. For further details on remuneration to the Executive Management Team, refer to note 2.4 regarding share-based payments.



Section 2 – Result of the Year

2.4 Share-based payments

Abacus Medicine A/S has granted warrants to Key Management Personnel and other employees of Abacus Medicine.

Please refer to note 2.4 to the consolidated financial statements for a list of current warrant programmes and a description of the assumptions used for the valuation of the warrants granted.

In 2023, the expense in regards to share-based payments recognised in the income statement amounts to EUR 214 thousand (2022: EUR 76 thousand).

The Parent Company has entered into warrant agreements with employees in some of the company's foreign subsidiaries. The total share-based payment expense at group level is EUR 281 thousand in 2023 (2022: EUR 116 thousand). The agreements are recognised as equity-settled schemes.

2.5 Special items

For details of special items, see Note 2.5 to the consolidated financial statements.

2.6 Depreciation and amortisation

EUR'000	2023	2022
Amortisation and write-downs, intangible assets	5,266	4,645
Depreciation, property, plant and equipment	214	338
Depreciation, right-of-use assets	1,270	1,189
Total	6,750	6,172

2.7 Finance items, net

EUR'000	2023	2022
Finance income		
Other finance income	245	0
Intercompany interest income	2,616	632
Foreign exchange gain, net	1,186	233
Total finance income	4,047	865

Finance income related to balance sheet items recognised at amortised cost EUR 2,616 thousand (2022: EUR 632 thousand).

EUR'000	2023	2022
Finance expenses		
Other finance costs	9,265	3,714
Intercompany interest expenses	1,344	993
Interest, lease liabilities	134	154
Amortised loan costs	21	110
Total finance expenses	10,764	4,971

Finance expenses related to balance sheet items recognised at amortised cost (credit facilities and lease liabilities) amounts to EUR 4,470 thousand (2022: EUR 1,826 thousand).

2.8 Income tax

EUR'000	2023	2022
Income statement		
Current income tax		
Current income tax charge	7,301	2,709
Adjustment in respect of current income tax of previous year	5	-72
Deferred tax		
Relating to the origination and reversal of temporary difference	-2,536	87
Income tax expense reported in the income statement	4,770	2,724

EUR'000	2023	2022
Statement of comprehensive income		
Deferred tax related to items recognised in comprehensive income during the year		
Net gain/loss on the revaluation of cash flow hedges	0	4
Income tax recognised in comprehensive income	0	4



Section 2 – Result of the Year

2.8 Income tax (continued)

Tax on profit for the year can be explained as follows:

EUR'000	2023	2022
Accounting profit before income tax		
Calculated 22% tax on profit for the year	5,459	1,879
Tax effect of:		
Adjustment in respect of current income tax of previous year	5	-72
Share of profit (loss) from subsidiaries	-806	960
Other non-deductible expenses, etc.	112	-43
Total	4,770	2,724
Effective tax rate (%)	19.2%	31.9%

EUR'000	2023	2022
Deferred tax		
Deferred tax 1 January	-4,326	-4,243
Currency translation	9	0
Deferred tax for the year recognised in profit for the year	2,536	-87
Deferred tax for the year recognised in other comprehensive income	0	4
Deferred tax 31 December	-1,781	-4,326
Reflected in the statement of financial position as follows:		
Deferred tax assets	0	0
Deferred tax liabilities	-1,781	-4,326
Deferred tax 31 December, net	-1,781	-4,326

EUR'000	2023	2022
Deferred tax relates to:		
Intangible assets	-5,112	-4,953
Tangible assets	349	286
Other assets and liabilities, net	2,982	341
Total	-1,781	-4,326

EUR'000	2023	2022
Income tax payable		
Income tax payable 1 January	2,460	548
Current tax for the year	7,301	2,709
Adjustment in respect of current income tax of previous year	5	-72
Exchange rate adjustments, interests etc.	8	0
Corporation tax paid during the year	-2,884	-725
Income tax payable 31 December	6,890	2,460



Section 3

Invested Capital and Working Capital Items

- 3.1 Intangible assets
- 3.2 Property, plant and equipment
- 3.3 Leases
- 3.4 Investments in subsidiaries
- 3.5 Inventories
- 3.6 Trade and other receivables
- 3.7 Trade payables
- 3.8 Other payables
- 3.9 Provisions
- 3.10 Change in working capital





Section 3 – Invested Capital and Working Capital Items

3.1 Intangible assets

EUR'000	Develop- ment costs	Software	Licences	Total
Cost 1 January 2023	-	10,375	28,195	38,570
Currency translation	-	-21	-93	-114
Additions	-	-	1,746	1,746
Additions internally developed	770	-	3,467	4,237
Reclassification	-770	770	-	0
Cost 31 December 2023	0	11,124	33,315	44,439
Amortisation and impairment				
1 January 2023	-	3,684	12,332	16,016
Currency translation	-	-12	-60	-72
Amortisation	-	888	3,965	4,853
Write-downs	-	-	413	413
Amortisation and impairment				
31 December 2023	0	4,560	16,650	21,210
Carrying amount				
31 December 2023	0	6,564	16,665	23,229

EUR'000	Develop- ment costs	Software	Licences	Total
Cost 1 January 2022	-	8,931	23,225	32,156
Currency translation	-	-3	-9	-12
Additions	-	-	1,603	1,603
Additions internally developed	1,447	-	3,376	4,823
Reclassification	-1,447	1,447	-	0
Cost				
31 December 2022	0	10,375	28,195	38,570
Amortisation and impairment				
1 January 2022	-	2,512	8,850	11,362
Currency translation	-	2	7	9
Amortisation	-	893	3,190	4,083
Write-downs	-	277	285	562
Amortisation and impairment				
31 December 2022	0	3,684	12,332	16,016
Carrying amount				
31 December 2022	0	6,691	15,863	22,554

Development costs comprise capitalised expenses for the ERP system for the Abacus Medicine Group.

Software is amortised over 3-10 years and Licences are amortised over 5-8 years. Software has been written down by EUR 0 thousand in 2023 (2022: EUR 277 thousand) and Licences have been written down by EUR 413 thousand in 2023 (2022: EUR 285 thousand) due to uncertainty as to the future utilisation of the assets. There have been no further indications of impairment of the intangible assets.



Section 3 – Invested Capital and Working Capital Items

3.2 Property, plant and equipment

EUR'000	Leasehold improvements	Other fixtures and fittings, plant and equipment	Total
Cost 1 January 2023	236	2,652	2,888
Currency translation	-	-2	-2
Additions	-	33	33
Disposals	-37	-148	-185
Cost 31 December 2023	199	2,535	2,734
Depreciation and impairment 1 January 2023	113	2,408	2,521
Currency translation	-	-	0
Depreciation and impairment	62	152	214
Disposals	-37	-148	-185
Depreciation and impairment 31 December 2023	138	2,412	2,550
Carrying amount 31 December 2023	61	123	184

EUR'000	Leasehold improvements	Other fixtures and fittings, plant and equipment	Total
Cost 1 January 2022	191	2,505	2,696
Currency translation	-	-	0
Additions	45	147	192
Cost 31 December 2022	236	2,652	2,888
Depreciation and impairment 1 January 2022	61	2,123	2,184
Currency translation	-	-1	-1
Depreciation and impairment	52	286	338
Depreciation and impairment 31 December 2022	113	2,408	2,521
Carrying amount 31 December 2022	123	244	367

There have been no indications of impairment of items of property, plant and equipment.

3.3 Leases

EUR'000	Buildings	Other fixed assets	Total
Right-of-use assets			
Opening balance 1 January 2023	4,157	14	4,171
Additions	-	-	0
Disposals	-	-	0
Depreciation	-1,258	-12	-1,270
Remeasurement of lease liabilities	494	-	494
Carrying amount 31 December 2023	3,393	2	3,395
Opening balance 1 January 2022	5,286	29	5,315
Additions	-	-	0
Disposals	-	-	0
Depreciation	-1,174	-15	-1,189
Remeasurement of lease liabilities	45	-	45
Carrying amount 31 December 2022	4,157	14	4,171

Please refer to note 3.3 in the consolidated financial statement for description of the following:

- The scope of the Company's leasing contracts
- Process for determining the incremental borrowing rate



Section 3 – Invested Capital and Working Capital Items

3.3 Leases (continued)

EUR'000	2023	2022
Lease liabilities		
Maturity analysis - contractual undiscounted cash flows		
Less than 1 year	1,423	1,359
Between 1 and 5 years	2,708	4,111
More than 5 years	0	0
Undiscounted cash flows	4,131	5,470
Lease liability recognised on the balance sheet	3,947	4,689
Current lease liability	1,322	1,235
Non-current lease liability	2,625	3,454

EUR'000	2023	2022
Amount recognised in the income statement		
Interest expense from lease liabilities	134	154
Total	134	154

In 2023, Abacus Medicine paid EUR 1,367 thousand (2022: EUR 1,026 thousand) on lease contracts of which interest payments related to lease liabilities amount to EUR 75 thousand (2022: EUR 22 thousand) and down payments on lease liabilities amount to EUR 1,292 thousand (2022: EUR 1,004 thousand).

There have been no material costs recognised in the period for short-term and low-value leases in the Company.

3.4 Investments in subsidiaries, associates and other securities

Accounting policies

Investments in subsidiaries

The Parent Company's investments in its subsidiaries are accounted for using the equity method.

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

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

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

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

Reserve for net revaluation according to the equity method

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

The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.



Section 3 – Invested Capital and Working Capital Items

3.4 Investments in subsidiaries, associates and other securities (continued)

Name	Registered office	Ownership 2023 and voting rights	Ownership 2022 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%	100%
PharmaSave BVBA	Belgium	100%	100%
Originalis B.V.	The Netherlands	100%	100%
Abacus Medicine WH B.V.	The Netherlands	100%	100%
Aposave S.L.	Spain	100%	100%
Zdrave Med Ltd.	Bulgaria	100%	100%
Abacus Medicine Pharma Services ApS	Denmark	100%	100%
Abacus Medicine Pharma Services Ltd.	United Kingdom	100%	100%
Abacus Medicine Pharma Services Asia Ltd.	Hong Kong	100%	100%
Abacus Medicine Pharma Services Inc.	USA	100%	100%
Abacus Medicine Pharma Services B.V.	The Netherlands	100%	100%
Aposave Mexico S de RL de	Mexico	100%	100%
ApoSave Peru	Peru	100%	100%

Name	Registered office	Ownership 2023 and voting rights	Ownership 2022 and voting rights
Pluripharm Holding B.V.	The Netherlands	100%	100%
Pluripharm Groep B.V.	The Netherlands	100%	100%
ThuisApotheek B.V.**	The Netherlands	100%	50%
Clinic Care Services B.V.***	The Netherlands	-	17%
Pluripharm B.V.	The Netherlands	100%	100%
Pluripack Alkmaar	The Netherlands	100%	100%
Pluripack Zwolle	The Netherlands	100%	100%
Pluripack Breda	The Netherlands	100%	100%
Pluriplus B.V.	The Netherlands	100%	100%
Distrimed B.V.	The Netherlands	100%	100%
Pluripharm Apotheek Beheer B.V.	The Netherlands	100%	100%
Apotheekfonds Pharmaconnect B.V.	The Netherlands	50%	50%
Pluripharm Direct B.V.	The Netherlands	100%	100%
Phardis B.V.	The Netherlands	100%	100%
Instellingsapothek B.V.	The Netherlands	100%	100%

* Abacus Medicine Berlin GmbH has made use of the exemption option under Section 264 (3) HGB under German law. The prerequisite for this is the reference to the use of this exemption option in the consolidated notes of the Parent Company. This notice is hereby given.

** In 2023 the Abacus Medicine Group acquired the remaining 50 % of the shares in ThuisApotheek B.V.

*** In 2023 the Abacus Medicine Group divested all minority shares in Clinic Care Services B.V.



Section 3 – Invested Capital and Working Capital Items

3.4 Investments in subsidiaries, associates and other securities (continued)

EUR'000	2023	2022
Cost 1 January	22,785	22,884
Additions	67	43
Foreign exchange adjustments	75	-142
Cost 31 December	22,927	22,785
Value adjustments 1 January	-10,862	-6,823
Profit (loss) for the year	3,665	-4,363
Foreign exchange adjustment	-146	324
Value adjustments 31 December	-7,343	-10,862
Carrying value 31 December	15,584	11,923
Which are presented as follows:		
Investments in subsidiaries	21,023	15,775
Offset in receivables	-5,439	-3,852
31 December	15,584	11,923

Investments in subsidiaries are measured using the equity method.

3.5 Inventories

EUR'000	2023	2022
Raw materials and consumables	109,248	38,611
Manufactured goods and goods for resale	60,395	60,127
Total inventories at the lower of cost and net realisable value	169,643	98,738
During 2023, EUR 3,080 thousand (2022: EUR 3,967 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 2.2.		
EUR'000	2023	2022
Inventory write-downs 1 January	1,143	1,197
Utilised and reversed during the year	-1,143	-1,197
Additional write-downs during the year	942	1,143
Inventory write-downs 31 December	942	1,143

3.6 Trade and other receivables

EUR'000	2023	2022
Current		
Receivables from sales and services	11,053	4,026
Receivables from group entities	49,282	28,513
Deposits regarding factoring agreement	6,523	4,975
Other receivables	33	39
Prepayments	1,451	742
Total current	68,342	38,295

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. We refer to section 4.5 on liquidity risks in the notes for the Group for further description of the factoring agreement. 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 historically not suffered any significant losses. The provision for bad debt amounts to EUR 0.0 million at 31 December 2023 (2022: EUR 0.0 million).



Section 3 – Invested Capital and Working Capital Items

3.7 Trade payables

EUR'000	2023	2022
Trade payables	89,203	37,994
Payables to group entities	17,725	3,272
Total	106,928	41,266

3.8 Other payables

EUR'000	2023	2022
Non-current		
Employee related payables	1,344	1,245
Total non-current	1,344	1,245
Current		
VAT payables	12,073	17,857
Employee related payables	6,113	3,081
Total current	18,186	20,938

3.9 Provisions

EUR'000	Return provisions
1 January 2023	4,257
Arising during the year	5,388
Utilised and reversed during the year	-4,257
31 December 2023	5,388
Current	5,388
Non-current	0

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

3.10 Change in working capital

EUR'000	2023	2022
Change in inventories	-67,685	-8,869
Change in receivables	-25,994	2,465
Change in trade payables etc.	61,991	8,751
Change in provisions etc.	1,131	123
Other non-cash items	-4,966	-3,450
Total	-35,523	-980



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Parent Company financial statements 1 January - 31 December

Section 4

Capital Structure and Net Financials

- 4.1 Equity
- 4.2 Cash
- 4.3 Borrowings
- 4.4 Financial risk and financial instruments





Section 4 - Capital Structure and Net Financials

4.1 Equity

Share capital

For disclosures regarding equity, please refer to note 4.1 in the consolidated financial statements.

4.2 Cash

EUR'000	2023	2022
Cash at bank and in hand	1	1
Total cash	1	1

4.3 Borrowings

EUR'000	2023	2022
Current liabilities		
Credit institutions and banks	60,487	39,750
Amortised costs	0	-21
Carrying amount	60,487	39,729
Nominal amount	60,487	39,750

At the beginning of 2024, Abacus Medicine has received commitment for a new credit facility from Danske Bank, with a maximum credit limit of EUR 101 million (DKK 750 million). The committed credit facility is expected to be signed in March 2024. The credit facility will be renegotiated on a three year basis.

4.4 Financial risk and financial instruments

Risk management policy

The Company's principal financial liabilities, other than derivatives, comprise bank credit facility, trade and other payables. Management of market, currency, credit, interest rate and liquidity and pricing risk is consistent with the policies in place at the Group level. Please see note 4.5 to the Group financial statements for detailed information related with these risk management policies, practices and assumptions.

Maturity analysis

EUR'000	Contractual cash flows	< 1 year	1 - 3 years	3 - 5 years	>5 years
2023					
Non-derivative financial instruments					
Credit institutions and banks	60,487	60,487	-	-	-
Trade payables	106,928	106,928	-	-	-
Other payables	19,530	18,186	-	-	1,344
Lease liabilities	4,131	1,423	1,466	1,242	-
Derivative financial instruments					
Exchange rate hedging	-	-	-	-	-
31 December 2023	191,076	187,024	1,466	1,242	1,344
2022					
Non-derivative financial instruments					
Credit institutions and banks	39,750	39,750	-	-	-
Trade payables	41,266	41,266	-	-	-
Other payables	22,183	20,938	-	-	1,245
Lease liabilities	5,470	1,359	2,905	1,206	-
Derivative financial instruments					
Exchange rate hedging	-	-	-	-	-
31 December 2022	108,669	103,313	2,905	1,206	1,245

The disclosed financial derivative instruments in the above table are the gross undiscounted cash flows. However, those amounts may be settled gross or net.



Section 4 - Capital Structure and Net Financials

4.4 Financial risk and financial instruments (continued)

EUR'000	Carrying amount		Fair value	
	2023	2022	2023	2022
Categories of financial instruments				
Financial assets at fair value – hedging instruments				
Derivative financial instruments	0	0	0	0
Total	0	0	0	0
Financial assets measured at amortised cost				
Trade receivables	68,342	38,295	68,342	38,295
Cash	1	1	1	1
Total	68,343	38,296	68,343	38,296
Financial liabilities at fair value – hedging instruments				
Derivative financial instruments	0	0	0	0
Total	0	0	0	0

EUR'000	Carrying amount		Fair value	
	2023	2022	2023	2022
Financial liabilities measured at amortised cost				
Borrowings	60,487	39,729	60,487	39,750
Lease liabilities	3,947	4,689	3,947	4,689
Trade payables	106,928	41,266	106,928	41,266
Other payables	19,530	22,183	19,530	22,183
Total	190,892	107,867	190,892	107,888

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 0.0 million; 2022: EUR 0.0 million), revenue for derivatives related to sales (EUR 0.0 million; 2022: EUR 0.0 million) and production costs (EUR 0.0 million; 2022: EUR 0.0 million).

Methods and assumptions for calculating fair value

The applied methods and assumptions for calculating the fair values of financial instruments are 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, mainly SEK. The Company has not used Cash flow hedging instruments in 2022 and 2023.



Section 5

Other disclosures

- 5.1 Contractual obligations and contingencies
- 5.2 Mortgages and collateral
- 5.3 Related party disclosures
- 5.4 Events after the reporting period
- 5.5 Fees paid to auditors appointed at the annual general meeting





Section 5 - Other Disclosures

5.1 Contractual obligations and contingencies

Contingent liabilities

Abacus Medicine A/S 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.

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

Abacus Medicine A/S has issued letters of support to certain subsidiaries.

5.2 Mortgages and collateral

For information on mortgages and collateral, please refer back to section 5.2 in the consolidated financial statements.

5.3 Related party disclosures

Controlling Influence

Wagner Family Holding ApS, Kalvebod Brygge 35, 1560 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	2023	2022
Sale of goods to subsidiaries	406,323	297,637
Service fees from subsidiaries	37,636	28,012
Interest income from subsidiaries	2,616	632
Interest expenses to subsidiaries	1,344	993
Receivables from subsidiaries	49,282	28,513
Payables to subsidiaries	17,725	3,272

Terms and conditions of transactions with related parties

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 2023, Abacus Medicine has not recorded any impairment of receivables relating to amounts owed by related parties (2022: 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 include Abacus Medicine's Board of Directors and Chief Executive Officer (CEO) in the Parent Company, including these employees' family members, and entities in which these executives have a significant influence.

Remuneration to executives is disclosed in note 2.3.



Section 5 - Other Disclosures

5.4 Events after the reporting period

No events have occurred after the balance sheet date which could have a material effect on the Company's financial position at 31 December 2023.

5.5 Fees to auditors appointed at the annual general meeting

Fees to the auditor for the audit of the Parent Company's financial statements and other non-audit services are specified below.

EUR'000	2023	2022
Audit	157	145
Other assurance engagements	0	0
Total audit related services	157	145
Tax consultancy	7	0
Other non-audit services	8	2
Total fee to EY	172	147

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



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Statement by Management on the annual report

Today, the Board of Directors and Chief Executive Officer have discussed and approved the Annual Report of Abacus Medicine A/S for the financial year 1 January – 31 December 2023.

The Annual Report is prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional Danish disclosure requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023.

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

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

Copenhagen, 29 February 2024

Chief Executive Officer

Flemming Wagner

Board of Directors

Niels Smedegaard
Chairman

Flemming Wagner

Mark Johnston

Troels Peter Troelsen

Michala Fischer-Hansen

Jens Albert Harsaae

Anders K. Bønding



Independent auditor's report

To the shareholders of Abacus Medicine A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Abacus Medicine A/S for the financial year 1 January – 31 December 2023, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information, for the Group and the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with IFRS Accounting 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 and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our

report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on our procedures, we conclude that the Management's review is in accordance with the financial statements and has been prepared in

accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional



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requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Copenhagen, 29 February 2024

EY

Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jan C. Olsen
State Authorised
Public Accountant
mne33717

Ole Becker
State Authorised
Public Accountant
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ABACUS MEDICINE

Better Access · Better Healthcare