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BIOGENA GROUP INVEST GMBH & CO KG

Auditor’s Report – Consolidated Financial Statements for the Year ended 30.09.2020

BIOGENA GROUP INVEST GMBH & CO KG

Auditor’s Report – Consolidated Financial Statements for the Year ended 30.09.2020

Electronic copy

Moore Interaudit GmbH
Wirtschaftsprüfungsgesellschaft
A- 5020 Salzburg, Austria

FN 55663h, Commercial Court Salzburg

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To Biogena Naturprodukte GmbH,
General Partner of
Biogena Group Invest GmbH & Co KG
Salzburg

We have completed our audit of the consolidated financial statements as of 30.09.2020 of

Biogena Group Invest GmbH & Co KG, Salzburg,
(referred to as "the Company")

and report on the result of our audit as follows:

1. Audit contract and performance of the engagement

The Company, represented by the directors of its General Partner, concluded an audit contract with us to audit the consolidated financial statements as of 30.09.2020.

The audit is a contractual audit, which is not subject to statutory audit requirements.

The audit included assessing whether the statutory requirements and additional provisions of the Company's articles of association were adhered to concerning the preparation of the consolidated financial statements.

The present audit is a first-time audit.

We conducted our audit in accordance with the legal requirements and generally accepted standards on auditing as applied in Austria. These standards require that we comply with International Standards on Auditing (ISA). An auditor conducting an audit obtains reasonable assurance about whether the consolidated financial statements are free from material misstatement. Absolute assurance is not attainable due to the inherent limitations of any accounting and internal control system and due to the sample-based test nature of an audit, there is an unavoidable risk that material misstatements in the consolidated financial statements remain undetected. Areas, which are generally covered in special engagements, were not included in our scope of work.

We performed the audit from August 2020 to April 2021 mainly at our Company's premises. The audit was substantially completed at the date of this report.

The audit partner responsible for the proper performance of the engagement is Florian Eder, Austrian Certified Public Accountant.

Our audit is based on the audit contract concluded with the Company. The "General Conditions of Contract for the Public Accounting Professions" issued by the Austrian Chamber of Auditors and Tax Advisors (refer to Appendix II) form an integral part of the audit contract. These conditions of contract do not only apply to the Company and the auditor, but also to third parties. Section 275 UGB (Austrian Company Code) applies with regard to our responsibility and liability as auditors towards the Company and towards third parties.

2. Auditor’s Report

Report on the Consolidated Financial Statements

Opinion

We have audited the Consolidated Financial Statements of Biogena Group Invest GmbH & Co KG, Salzburg, which comprise the Consolidated Statement of Financial Position as of 30.09.2020, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated Statement of Changes in Equity for the fiscal year then ended and the accompanying Notes.

Based on our audit, the accompanying Consolidated Financial Statements present fairly, in all material respects, the financial position of the Company as of 30.09.2020, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporing Standards (IFRS) as adopted by the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the Austrian General Accepted Accounting Principles and professional requirements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibility and liability as auditor is guided by section 275 par. 2 UGB (Austrian Company Code) (liability regulations for the audit of small and medium-sized companies) and is limited to a total of 2 million Euros towards the Company and towards third parties.

Responsibilities of the Directors of the General Partner for the Consolidated Financial Statements

The Directors of the General Partner are responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) for them to present a true and fair view of the assets, the financial position and the financial performance of the Company and for such internal controls as the directors determine are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Comapny’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either decide to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Salzburg, 16.04.2021

Moore Interaudit GmbH
Wirtschaftsprüfungsgesellschaft

Mag. Florian Eder, CPA
Wirtschaftsprüfer

(Austrian chartered accountant)

Moore Interaudit GmbH MOORE Wirtschaftsprüfungsgesellschaft

Biogena Group Invest GmbH & Co KG

Consolidated Financial Statements as at 30.09.2020

Biogena Group Invest GmbH & Co KG

Consolidated Financial Statements as at 30.09.2020

Statement of Financial Position (in EUR)

Assets	Note	30.09.2020	30.09.2019	01.10.2018
Property, plant and equipment	17	8.164.412	9.920.831	8.792.704
Right-of-use assets	19	16.126.371	19.055.901	14.046.098
Goodwill	18	2.967.278	2.967.278	2.967.278
Intangible assets	17	2.784.788	2.512.989	1.576.005
Financial assets	20	1.212.405	326.063	610.331
Other receivables		221.862	192.949	164.295
Deferred tax asset	16	191.821	200.723	149.226
Noncurrent assets		**31.668.937**	**35.176.734**	**28.305.937**
Inventories	22	3.442.543	2.882.334	2.397.383
Trade receivables	21	1.062.893	702.280	798.336
Loans receivable	28	5.750.562	4.522.414	1.238.881
Other receivables and prepayments	21	8.531.842	4.584.067	7.264.758
Current tax asset		-	-	-
Cash and cash equivalents	23	1.626.260	1.126.291	1.182.307
Current assets		**20.414.100**	**13.817.386**	**12.881.665**
Assets		**52.083.037**	**48.994.120**	**41.187.602**

Equity, Liabilities				
Partnership capital		101.000	100.000	100.000
Reserves		3.445.785	222.446	234.968
Retained earnings		(1.883.046)	(1.361.131)	1.270.645
Attributable to Partners of the Parent	**24**	**1.663.739**	**(1.038.685)**	**1.605.613**
Non-controlling interests		-	-	(39.721)
Equity		**1.663.739**	**(1.038.685)**	**1.565.892**
Loans and borrowings	26	13.314.647	12.250.057	9.081.952
Lease liabilities	19	12.005.290	14.936.923	11.617.025
Employee benefit obligations	25	790.682	598.122	375.240
Deferred tax liability	16	-	-	4.000
Noncurrent liabilities		**26.110.619**	**27.785.102**	**21.078.217**
Trade and other payables	26	10.630.345	7.403.937	5.461.357
Loans and borrowings	20.1	8.552.238	9.731.977	9.804.261
Lease liabilities	19	4.642.677	4.560.794	2.727.298
Employee benefit obligations	25	479.410	550.995	550.577
Current income tax payable		4.009	-	-
Current liabilities		**24.308.679**	**22.247.703**	**18.543.493**
Liabilities		**50.419.298**	**50.032.805**	**39.621.710**
Equity and Liabilities		**52.083.037**	**48.994.120**	**41.187.602**

Biogena Group Invest GmbH & Co KG

Consolidated Financial Statements as at 30.09.2020

Statement of Comprehensive Income (in EUR)

Continuing operations	Note	30.09.2020	30.09.2019
Revenue	9	53.986.668	43.974.939
Cost of sales	10	(9.162.338)	(7.538.223)
Gross profit		**44.824.330**	**36.436.716**
Personnel expenses	12	(13.374.482)	(12.629.674)
Depreciation, amortization	17.3	(6.429.836)	(6.058.032)
Administrative expenses	13	(17.407.454)	(15.762.652)
Net foreign exchange gains/(losses)	11	13.304	(40.549)
Other operating (expenses)/income	11	(209.925)	102.832
Profit from operating activities		**7.415.937**	**2.048.641**
Finance income		124.038	66.965
Finance charges		(1.189.893)	(1.333.758)
Other financial losses		(223.539)	(489)
Net finance costs	**14**	**(1.289.394)**	**(1.267.282)**
Profit before taxation		**6.126.543**	**781.359**
Taxation	15	(154.663)	273.190
Profit for the year		**5.971.880**	**1.054.549**
Profit from continuing operations		**5.971.880**	**1.054.549**
Attributable to Partners of the Parent		**5.971.880**	**1.054.549**
Other comprehensive income			
Re-measurement losses on post-employment benefit obligations	25	37.245	-
Income tax effect		-	-
Remeasurement of available-for-sale assets		-	-
Items that will not be reclassified to profit or loss		**37.245**	**-**
Currency translation differences		2.566	(12.522)
Items that may be reclassified to profit or loss:			
Other comprehensive income for the year		**39.811**	**(12.522)**
Attributable to participants in the Parent		**39.811**	**(12.522)**
Comprehensive income for the year		**6.011.691**	**1.042.027**
Attributable to Partners of the Parent		**6.011.691**	**1.042.027**
Total comprehensive income for the year		**6.011.691**	**1.042.027**

Statement of Changes in Equity (in EUR)

	Partners' capital	Other Reserves	Retained Earnings	Total	NCI	Total Equity
Note	**24**	**24**				
As at 01.10.2018	**100.000**	**234.968**	**1.270.645**	**1.605.613**	**(39.721)**	**1.565.892**
Profit for the year	-	-	1.054.549	1.054.549	-	1.054.549
Other comprehensive income	-	(12.522)		(12.522)	-	(12.522)
Total comprehensive income	**-**	**(12.522)**	**1.054.549**	**1.042.027**	**-**	**1.042.027**
Allocation of profits	-	-	(3.596.604)	(3.596.604)		(3.596.604)
Transactions with Non-Controlling Interests	-	-	(89.721)	(89.721)	39.721	(50.000)
Total transactions with owners	**-**	**-**	**(3.686.325)**	**(3.686.325)**	**39.721**	**(3.646.604)**
As at 30.09.2019	**100.000**	**222.446**	**(1.361.131)**	**(1.038.685)**	**-**	**(1.038.685)**
As at 01.10.2019	**100.000**	**222.446**	**(1.361.131)**	**(1.038.685)**	**-**	**(1.038.685)**
Profit for the year	-	-	5.971.880	5.971.880	-	5.971.880
Other comprehensive income	-	39.811	-	39.811	-	39.811
Total comprehensive income	**-**	**39.811**	**5.971.880**	**6.011.691**	**-**	**6.011.691**
Contribution in-kind	1.000	3.183.528	(1.861.726)	1.322.802	-	1.322.802
Allocation of profits	-	-	(4.632.069)	(4.632.069)		(4.632.069)
Transactions with Non-Controlling Interests	-	-	-	-	-	-
Total transactions with owners	**1.000**	**3.183.528**	**(6.493.795)**	**(3.309.267)**	**-**	**(3.309.267)**
As at 30.09.2020	**101.000**	**3.445.785**	**(1.883.046)**	**1.663.739**	**-**	**1.663.739**

Statement of Cash Flows (in EUR)

Continuing operations	Note	30.09.2020	30.09.2019
Profit before taxation	**29**	**6.126.543**	**781.359**
Adjustments for			
Depreciation and amortization		6.429.836	6.058.032
(Profit)/loss on disposal of property, plant and equipment	11	390.626	75.987
Finance costs – net		1.289.394	1.267.282
Foreign exchange losses/(gains) on operating activities	11	(13.304)	40.549
Changes in working capital			
Inventories		(560.209)	(484.952)
Trade and other receivables		(2.919.051)	(191.412)
Trade and other payables		3.226.411	1.942.579
Increase in employee benefit obligations		120.974	223.300
Interest paid		(630.369)	(813.663)
Income tax paid/(received)		(159.556)	217.694
Net cash generated from operating activities		**13.301.295**	**9.116.755**
Purchases of property, plant and equipment and intangible assets		(1.716.622)	(1.153.442)
Proceeds from sale of property, plant and equipment		1.121.993	234.261
Purchases of financial assets held at FVOCI	7	(1.053.572)	-
Proceeds from sale of financial assets held at FVOCI	7	35.000	319.268
Net loans extended to/(repaid by) related entities		(1.228.148)	(3.283.532)
Interest received		124.038	66.965
Net cash used in investing activities		**(2.717.311)**	**(3.816.480)**
Net proceeds from/(repayments of)borrowings		(115.149)	3.095.820
Interest payments and principal repayments of leases	19	(5.336.797)	(4.855.416)
Dividends paid to Company's partners		(4.632.069)	(3.596.695)
Net cash used in financing activities		**(10.084.015)**	**(5.356.291)**
Net cash flows for the year		**499.969**	**(56.016)**
Cash at beginning of the year		**1.126.291**	**1.182.307**
Net cash flows for the year		499.969	(56.016)
Cash at end of the year		**1.626.260**	**1.126.291**

Notes to the Consolidated Financial Statements (in EUR)

1. GENERAL INFORMATION

These consolidated financial statements are presented in Euros (“EUR”), as that is the currency in which the majority of the Group’s transactions are denominated. They comprise the financial statements of Biogena Group Invest GmbH & Co KG (the “Company”) and its subsidiaries (together “Biogena Group” or “Group”) for the year ended 30.09.2020. Except where otherwise indicated, all financial information presented in EUR has been rounded to the nearest Euro.

Biogena Group Invest GmbH & Co KG (formerly: Nicapur GmbH&Co KG) was established on 10.07.2012 and acts as a holding company, having previously (until 2019) managed the Group’s Nicapur operations. The Company is based together with its subsidiaries on the “Biogena”-brand that was founded in 2006 by Dr. Albert Schmidbauer.

Biogena Group is primarily engaged in the development, production and distribution of products and services in the field of health and nutrition, whereas the focus is particularly on iron, mineral and osteoporosis product innovations, as well as new integrated solutions in the field of workplace health promotion.

Biogena Group offers a great number of quality preparations of orthomolecular medicine (alternative medicine method). All micronutrients are provided in sensible combinations and in the required dosages - for dietary and nutritional use in therapy support. These are produced in the pure substance principle. The content deals with proteolytic enzymes, algae, probiotics, secondary plant substances, vitamins, trace elements, minerals, high-quality plant oils, botanicals and other micronutrients.

Biogena Group-brand products are distributed through physicians, therapists, its own Biogena Group’s Stores and through its own webshop.

The core of Biogena Group’s sales concept is advice from physicians or therapists. The preparations are therefore also available directly from them, or from Biogena Group’s mail-order service on the recommendation of a doctor, and more than 35% are already available in Biogena Group’s stores. This share is expected to grow to over 50%, also with the help of prevention centers located near the stores.

In the B2B segment, Biogena Group counts around 9,000 partner physicians/therapists among its customers, with whom it currently generates around 35% of its sales. In the B2C segment (with over 300,000 registered users), sales are made via Biogena Group’s own stores and via the mail-order service, which currently contributes around 65% of sales. In both segments, the digitization of sales has increased sharply since 2019. Around 50% of sales are now generated via the web - and the trend is rising. In addition, the web store for the USA went live in the middle of 2020.

In 2019, the first test operations for franchises have already been launched. Here, Biogena Group has decided on a sales franchise system that does not necessarily have to include a store, so that the franchisee can also start with a sales area (40-60,000 inhabitants). The objective of the innovative franchise system is to have 225 franchise stores and franchise territories in Austria, Germany, Switzerland and Italy by 2023.

The Company is a limited liability partnership which is privately held and registered with the registration number 382072x at the Commercial Register held at the Salzburg Regional Court. It is both incorporated and domiciled in Salzburg, Austria. The address of its registered office is Strubergasse 24, 5020 Salzburg, Austria.

1.1. NEW STANDARDS AND AMENDMENTS EFFECTIVE ON OR AFTER 01.10.2019

The Group applied for the first-time certain standards and amendments, which are effective for periods beginning on or after 01.01.2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- IFRS 16 - Leases: On 13.01.2016 the IASB published IFRS 16 (Leases). For lessees, the new standard prescribes an accounting model which waives the distinction between finance leases and operating leases. In future, most lease agreements will be recognizable in the balance sheet. The EU adopted this amendment on 31.10.2017. As a lessee, at its first-time application of IFRS 16 as of 1.10.2018, the Group elected to fully apply IFRS to all leasing contracts as at 01.10.2018. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognized lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.
- Amendments to IFRS 9 - Prepayment Features with Negative Compensation: under IFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of an event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. These amendments had no impact on the consolidated financial statements of the Group. The amendments entered into force for reporting periods beginning on or after 01.01.2019. These amendments were adopted by the EU on 22.03.2018. This has not had any significant effect on the consolidated financial statements.
- IFRIC 23 Uncertainty over Income Tax Treatments: on 07.06.2017, the interpretation IFRIC 23 Uncertainty over Income Tax Treatments was published in order to clarify the accounting for uncertainties in income taxes. This interpretation will apply for reporting years beginning on or after 1.1.2019. It was adopted by the EU on 23.10.2018. This has not had any significant effect on the consolidated financial statements.
- IAS 28 Investments in Associates and Joint Ventures: on 12.10.2017, The IASB published amendments to IAS 28 Investments in Associates and Joint Ventures. The amendments specify that companies are obliged to apply IFRS 9 (Financial Instruments), including its impairment rules, to long-term investments in associates and/or joint ventures which essentially represent a portion of the net investments in the associate or joint venture and are not presented according to the equity method. Hence, the application of IFRS 9 takes precedence over the application of IAS 28. The amendments will enter into force for reporting periods beginning on or after 1.1.2019. These amendments were adopted by the EU on 08.02.2019. This has not had any significant effect on the consolidated financial statements.
- IAS 19 – Employee Benefits: on 07.02.2018, the IASB published amendments to IAS 19 – Employee Benefits. If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendments will enter into force for reporting periods beginning on or after 01.01.2019. These amendments were adopted by the EU on 13.03.2019. This has not had any significant effect on the consolidated financial statements.
- Improvements to the IFRS cycle 2015-2017: on 12.12.2017, the IASB published annual improvements to the IFRS cycle 2015-2017 and amended the following standards:
  IFRS 3 Business Combinations and IFRS 11 Joint Arrangements: the amendments of IFRS 3 clarify that when an entity obtains control of a business that includes a joint operation, it remeasures previously held interests in that business.
  The amendments of IFRS 11 clarify that when an entity obtains joint control of a business that includes a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 Income Taxes: Clarification of the recognition of the income tax consequences of dividends in the operating result, irrespective of how these taxes arise.

- IAS 23 Borrowing Cost: if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, then from this date this specific borrowing must be included in the determination of the general weighted average borrowing cost rate to fund the other qualifying assets. This thus clarifies that "specific" borrowing (i.e. for the purpose of obtaining a qualifying asset) will not be included in the general weighted average interest rate while the required condition for its intended final use or for its sale has not yet been achieved.
  The amendments entered into force for reporting periods beginning on or after 01.01.2019. These amendments were adopted on 14.01.2019. This has not had any significant effect on the consolidated financial statements.

1.2. PUBLISHED STANDARDS AND INTERPRETATIONS THAT ARE NOT YET MANDATORY AND WHICH HAVE NOT BEEN ADOPTED EARLY

Further new and revised standards and interpretations have been adopted by the IASB that are not yet mandatory for the consolidated financial statements. These were not applied early by the Group – if application was possible – and they will all be applied from the dates on which the respective standards and interpretations become effective.

- **IFRS 17 Insurance Contracts**: on 18.05.2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 is effective for reporting periods beginning on or after 01.01.2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.
- **Amendments to IAS 1 and IAS 8 - Definition of Materiality**: on 31.10.2018, the IASB published amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Estimates and Errors. Amendments to IAS 1 and IAS 8 is effective for reporting periods beginning on or after 01.01.2020. The aim of the changes was to unify the definition of "**materiality**" in all standards and to clarify certain aspects of the definition. According to the new definition, information is material if it can reasonably be expected that its omission, misrepresentation or obscuration would affect the Decisions by primary users of general-purpose financial statements that they may make based on such financial statements that provide financial information for a particular entity can be influenced. The Group assumes that the changes in the definition of "**materiality**" will not have any significant effects on the consolidated financial statements
- **Reference to the Conceptual Framework- Amendments to IFRS 3**: on 22.10.2018, the IASB published amendments to IFRS 3 that are effective for reporting periods beginning on or after 1.1.2020. The revised conceptual framework consists of a new superordinate section Status and purpose of the conceptual framework as well as eight completely contained sections. Along with the changed framework concept, references to the framework concept were adapted in various standards. The group expects that there will be no material effects on the consolidated financial statements.
- **Changes to IFRS 9, IAS 39 and IFRS 7 - Interest benchmark reform**: on 26.09.2019, the IASB published amendments to IFRS 9, IAS 39 and IFRS 7 that are effective for reporting periods beginning on or after 01.01.2020. The changes relate in particular to certain simplifications relating to hedge accounting regulations and are mandatory for all hedging relationships that are affected by the reform of the reference interest rate. In addition, further information is provided about the extent to which the company's hedging relationships are affected by changes. The group assumes that there will be no material effects on the consolidated financial statements.

2. BASIS OF PREPARATION

The consolidated financial statements of the Biogena Group as of 30.09.2020 have been prepared in accordance with Directive 83/349 EEC (Consolidated Accounts Directive), on the basis of the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretations Committee (IFRIC), as applicable in the European Union (EU) ("IFRS, as adopted by the EU").

The financial statements of the Biogena Group for the year ended 30.09.2020 are the first the Group has prepared in accordance with IFRS, as the Groups parent company was not required to, and did not prepare consolidated financial statements previously. Refer to Note 5. First time adoption of IFRS on page 16 for information on how the Group adopted IFRS.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. The principal accounting policies that have been applied consistently by all Group companies to all periods presented in these consolidated financial statements are set out below.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies selected for use by the Group. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in relevant notes as summarized in Note 8. Significant accounting estimates, judgments and assumptions on page 23. Use of available information and application of judgment are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

3. BIOGENA GROUP

The consolidated financial statements of the Group comprise the following companies:

Holdings in %	Note	2020	2019	2018	Country of incorporation	Cons	Principal activity
Biogena Group Invest GmbH & Co KG		Parent company			Austria	PAR	Holding
NICAPUR GmbH&Co KG		100	N/A	N/A	Austria	F	Sale of merchandise - pharmaceutical market
Nicapur Online GmbH		N/A	40	40	Austria	F	
Nicapur Österreich GmbH		N/A	40	40	Austria	F	
Nicapur International GmbH		N/A	40	24	Austria	F	
Biogena GmbH & Co KG		100	40	40	Austria	F	Sale of goods to retail customers
Biogena Management Holding GmbH		100	40	40	Austria	F	Internal services
Innovative Health Concepts GmbH		N/A	40	40	Austria	F	Internal services
BVB Good Health GmbH		100	40	40	Austria	F	Procurement and production
Biogena Stores Österreich GmbH		100	40	40	Austria	F	Retail stores in Austria an Germany
Biogena Stores Deutschland GmbH		100	40	40	Germany	F	
Miracon Science GmbH		100	40	40	Austria	F	Scientific research; internal and external clients
Biogena Akademie GmbH		100	40	40	Austria	F	Health classes, education
Biogena Kolhofgut GmbH		100	40	40	Austria	F	Agricultural produce
Biogena Check Up Lounge Österreich		100	40	40	Austria	F	Medical health checks for individual clients
Biogena Check Up Lounge Deutschland		100	40	40	Germany	F	
Biogena IT Services GmbH		100	40	40	Austria	F	Internal IT services
Nolimites Digital Business GmbH		100	40	40	Austria	F	Internal marketing services
Biogena Switzerland AG		100	40	40	Switzerland	F	Sale of goods
Biogena USA Inc.		100	100	N/A	USA	F	Sale of goods
Nicapur USA Inc.		100	N/A	N/A	USA	N/A	Sale of goods
Biogena Schweiz und Italien GmbH		N/A	N/A	100	Germany	N/A	Sale of goods
Biogena Blue B.V.		N/A	100	100	Netherlands	N/A	Sale of goods

PAR ... parent company
F ... fully consolidated
N/A ... not consolidated

The Group's immediate parent company is Biogena Deutschland GmbH, incorporated in Germany. Biogena Deutschland GmbH indirectly owns 100% of the Group's general partner shares and 98% of the Group's limited partner shares.

The Group's ultimate parent company is Biogena International GmbH&Co KG, incorporated in Germany. Biogena International GmbH&Co KG is the sole shareholder of Biogena Deutschland GmbH and - consequently - indirectly owns 100% of the Group's general partner shares and 98% of the Group's limited partner shares.

The ultimate beneficial owner and sole partner of Biogena International GmbH & Co KG is Dr. Albert Schmidbauer.

3.1. DIRECT AND INDIRECT CONTROL

Until 2019, the Group's parent company Biogena Group Invest GmbH & Co KG (formerly: Nicapur GmbH&Co KG) held 40% of the limited partner shares in its immediate subsidiary Biogena Naturprodukte GmbH&Co KG and other subordinated entities of the Group. 60% of these shares were held by the immediate holding company of the Group's parent.

Group management considers the 60% share previously held by the Group's immediate parent company "controlling interest" and therefore does not allocate the immediate parent company's share in net assets and annual profits/losses to "non-controlling interest" even before the Group obtained a 100% holding in its subsidiaries.

Group management established that Biogena Group Invest GmbH & Co KG as the Group's parent company, had full control over the Group, as presented in these consolidated financial statements as at 01.10.2018 and thereafter, and no change of control has occurred to the date of approval of these financial statements.

3.2. CHANGES OF INVESTMENT HOLDINGS IN THE YEAR ENDED 30.09.2019

The following key changes to the Group structure occurred:

- **Nicapur International GmbH**: as at 01.10.2018, 40% of the shares of Nicapur International GmbH were held by a shareholder outside the Group. In 2018, Biogena Management Holding GmbH acquired the remaining shares in this company, eliminating the sole instance of non-controlling interest in Biogena Group. This transaction did not result in a change of control.
- **Biogena Schweiz und Italien GmbH**: the Group sold 100% of its shares to a fellow subsidiary owned by the Group's ultimate parent at nominal value. This company did not form part of the consolidated financial statements of the Group.

3.3. CHANGES OF INVESTMENT HOLDINGS IN THE YEAR ENDED 30.09.2020

The following key changes to the Group structure occurred:

- **Biogena Group Invest GmbH&Co KG (formerly "Nicapur GmbH&Co KG)**: Biogena Deutschland GmbH contributed its 60% limited partner share in Biogena Naturprodukte GmbH&Co KG as in-kind contribution, making Biogena Group Invest GmbH&Co KG the sole limited partner of this company. Subsequently, the operations of Biogena Naturprodukte GmbH&Co KG were carved out to form a new entity, Biogena GmbH&Co KG. Subsequently, Biogena Group Invest GmbH&Co KG transferred its existing Nicapur operations to newly established NICAPur GmbH&Co KG. This transaction did not result in changes to the Group's organization and control over subsidiaries and operations. Following this transaction, Biogena Group Invest GmbH&Co KG is the sole limited partner of the Group's operations.
- **Nicapur USA Inc.**: This company was established as subsidiary fully owned by Biogena Management Holding GmbH. This company has not commenced operations and was not consolidated as at 30.09.2020.
- **Biogena Blue B.V.**: The Group sold 100% of its shares to a fellow subsidiary owned by the Group's ultimate parent at nominal value. This company did not form part of the consolidated financial statements of the Group.
- **Nicapur International GmbH, Nicapur Online GmbH, Nicapur Österreich GmbH**: these companies' businesses were transferred within the Group in 2018/19, followed by a merger of these companies into a fully consolidated fellow subsidiary in 2019/20.
- **Innovative Health Concepts GmbH**: this company was merged into a fellow subsidiary, having been fully consolidated from 01.10.2018 onwards.

4. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated.

4.1. CONSOLIDATION

The financial statements comprise those of the Company and its subsidiaries. Control is achieved where the Company has power over the investee, that expose or give rights to variable returns from its involvement with the investee, and the Company is able to use it power to affect the amount of returns from the investee. Generally, control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity.

The acquisition method of accounting is used by the Group when it undertakes a business combination. The fair value of consideration transferred at the acquisition date includes the fair value of assets transferred, liabilities incurred by the owners and equity instruments issued by the Group. Consideration can include cash, contingent consideration and options. Acquisition related costs are expensed as incurred unless they relate to the issue of financial instruments in which case they are accounted for in accordance with accounting policies relating to that specific type of financial instrument. The assets acquired and liabilities assumed are recognized at the acquisition date at their fair value. At the acquisition date any equity interest held prior to the acquisition date is recognized at fair value with a resulting gain or loss recognized in profit or loss. The group has an option on a combination by combination basis on how to recognize a non-controlling interest at the acquisition date either at fair value or proportionate share of net assets.

Goodwill is measured as the excess of the consideration transferred, plus any non-controlling interest and the fair value of any previously held interest in the acquiree over the fair value of assets acquired and liabilities assumed. If the goodwill is negative (bargain purchase) this is recognized immediately in the profit or loss. Any changes in contingent consideration after the measurement period are recognized in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition, or up to the effective date of disposal, as appropriate. Entities which are acquired and are controlled, but which will be held for a period less than twelve months, are recorded as assets held for sale.

The consolidated financial statements are based on the financial statements of the individual companies drawn up using the standard Group accounting policies. Accounting policies applied by individual subsidiaries have been revised where necessary to ensure consistency with Group policies for consolidation purposes. All companies in the Group have the same reporting date of 30.09.

All significant intra-group transactions and balances between Group entities are eliminated on consolidation. The Group applies a policy of treating transactions with a non-controlling interest as transactions with equity holders when control of the subsidiary is not lost. This is therefore reflected in equity.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for in equity. When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the former subsidiary from the consolidated statement of financial position, recognizes any investment retained in the former subsidiary at its fair value when control is lost and recognizes the gain or loss associated with the loss of control attributable to the former controlling interest.

4.2. FOREIGN CURRENCY TRANSLATION

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

Translation from functional to presentation currency

Foreign currency transactions are converted into the functional currency at the spot rate applying on the date of transaction. Assets and liabilities in a foreign currency are converted into the functional currency using the official middle rates applicable at each reporting date. All currency translation differences are recognized through profit or loss. Any goodwill resulting from the acquisition of a foreign operation and any adjustments on a fair value basis to the carrying amount of assets and liabilities resulting from the acquisition of this foreign operation are recognized as assets and liabilities of the foreign operation and translated using the rate applicable on the closing date.

On consolidation, the assets and liabilities of foreign operations are translated into EUR at the rate of exchange prevailing at the reporting date. Income and expenses have been translated at the average rate. The translation differences arising within the framework of consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in profit or loss.

Currency translation was based on the following exchange rates:

			Closing rate on	Average rate for the year	
Currency	**30.09.2020**	**30.09.2019**	**01.10.2018**	**2020**	**2019**
CHF	1,0804	1.0847	1,1000	1.0749	1.1226
USD	1.1708	1.0889	N/A	1.1198	1.1281

4.3. REVENUE RECOGNITION

The Group is in the production and distribution of products and services in the field of health and nutrition. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

4.4. TAXATION

Income tax expense represents the sum of the current tax and deferred tax.

The charge for current tax is based on the result for the year adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Current and deferred tax is recognized in profit or loss unless the item to which the tax relates was recognized outside profit or loss being other comprehensive income or equity. The tax associated with such an item is also recognized in other comprehensive income or equity respectively.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from initial recognition of goodwill (for a deferred tax liability) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither taxable profit nor the accounting profit.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realized. For land and revalued investment property deferred tax is calculated on the presumption that recovery is through sale.

A change in deferred tax assets and liabilities as a result of a change in the tax rates or laws are recognized in profit and loss or other comprehensive income to the extent that it relates to items previously recognized in other comprehensive income.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4.5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The carrying amount of an asset is written down immediately to its recoverable amount if the asset's carrying amount is assessed as greater than its estimated recoverable amount.

Land is not depreciated. Depreciation is charged on other assets so as to write off the cost or valuation of assets, over their estimated useful lives, less estimated residual value, using the straight-line method on the following bases:

- **Buildings**: 3,5-40 years
- **Machinery and equipment**: 5 to 10 years
- **Furniture and fixtures**: 1 to 20 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss and if certain conditions are met.

4.6. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset is included in the statement of comprehensive income.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of consideration transferred over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a subsidiary or associate at the date of acquisition. Goodwill is recognized as an asset as it represents synergies the Group expects to receive from the acquisition. Goodwill is tested for impairment on an annual basis in respect of the cash generating unit to which the goodwill attaches, as it is not subject to amortization. If the recoverable amount of the cash generating unit is less than the carrying amount of the investment, the impairment to the related goodwill is recognized in profit or loss.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Where the net fair value of assets acquired exceeds the fair value of consideration transferred such excess is recognized immediately in profit or loss.

Computer software

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are capitalized as intangible assets only when the following criteria are met: (i) it is technically feasible to complete the software product so that it will be available for use; (ii) management intends to complete the software product and use or sell it; (iii) there is an ability to use or sell the software product; (iv) it can be demonstrated how the software product will generate probable future economic benefits; (v) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and (vi) the expenditure attributable to the software product during its development can be measured reliably.

Directly attributable costs that are capitalized as part of the software product include relevant employee costs and an appropriate portion of relevant overheads.

Research and development costs

Research costs are expensed in the year in which they are incurred. Development costs, other than computer software development costs, are reviewed annually and are expensed if they do not qualify for capitalization. Capitalized development costs are amortized on a straight-line basis over their three-year useful estimated life.

Licenses

The Group made upfront payments to acquire licenses. Licenses for the use of intellectual property are granted for periods ranging between 1 to 15 years depending on the specific licenses. The licenses may be renewed at little or no cost to the Group.

Amortization policies	Licenses	Research and development costs	Computer software
Useful lives	Finite (1 to 15 years)	Finite (5 to 10 years)	Finite (1 to 5 years)
Amortization method used	Amortized on a strait-line basis over its useful life	Amortized on a strait-line basis over the period of expected future sales from the related project	Amortized on a strait-line basis over its useful life
Internally generated or acquired	Acquired	Internally generated	Acquired

4.7. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. The recoverable amount depends on the discount rate used within the scope of the discounted cash flow method and on the expected future cash inflows and the growth rate used for extrapolation purposes. If the future cash flows actually expected are lower than previously estimated, this may result in a significant impairment. The underlying assumptions for determination of the recoverable amount for the various cash-generating units – including a sensitivity analysis – are set out in further detail in Note 18. Impairment tests on page 30.

The recoverable amount depends on the discount rate used within the scope of the discounted cash flow method and on the expected future cash inflows and the growth rate used for extrapolation purposes. If the future cash flows actually expected are lower than previously estimated, this may result in a significant impairment. The underlying assumptions for determination of the recoverable amount for the various cash-generating units – including a sensitivity analysis – are set out in further detail in Note 18. Impairment tests on page 30.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased.

If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 30.09. and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at 30.09. at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

- **Disclosures for significant assumptions**: Note 8. Significant accounting estimates, judgments and assumptions on page 23
- **Intangible assets, property, plant and equipment**: Note 17. Intangible assets and property, plant and equipment on page 28
- **Goodwill**: Note 18. Impairment tests on page 30

4.8. FINANCIAL INSTRUMENTS

4.8.1. Recognition and derecognition of financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortized cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Group only has financial assets in the categories financial assets at amortized cost and financial assets at fair value through OCI.

Financial assets at amortized cost

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes trade receivables, other receivables and loans to related parties included under current and non-current financial assets, respectively.

Financial assets at fair value through other comprehensive income

If in addition to above, if the business model also includes selling the assets, then these assets are measured at fair value with changes in fair value flowing through OCI. Interest income is calculated and presented as above. Impairment is included in profit or loss and reduces/ increases the fair value gain/ loss recognized in OCI.

On derecognition, gains and losses are recycled to profit or loss and included in other gains/ losses.

Derecognition

Financial assets are derecognized when:

- The contractual rights to cash flows from the financial asset expire, or
- The asset is transferred such that contractual rights to cash flows of the assets and the risks and rewards of ownership are transferred.

On derecognition, the Group recognized the differences between carrying amount and consideration.

In factoring arrangements and guaranteed receivables, transfer may not result in de-recognition, because the Group retains exposure to risks and rewards to some extent. The Group assesses it's extended involvement and recognizes a liability, such that the net of asset and liability represents the rights and obligations retained, measured based on the classification of the original asset.

Impairment

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- **Disclosures for significant assumptions**: Note 4.7. Impairment of non-financial assets on page 9

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

4.8.2. Classification and measurement of financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

The Group only holds financial liabilities at amortized cost.

Financial liabilities at amortized cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

4.9. INVENTORIES

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- **Raw materials**: purchase cost on a first-in/first-out basis
- **Finished goods and work in progress**: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in OCI, in respect of the purchases of raw materials. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

4.10. TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are financial assets stated initially at fair value which is taken to be their transaction cost and subsequently at their amortized cost less any loss allowance. Loss allowance is based on lifetime expected credit losses assess and determined at initial recognition and subsequently adjusted for any changes in expectation.

Loss allowance measurement and policy included in Note 7.3. Credit risk management on page 19. Trade receivables expected to be received in the next year are classified as current assets. If not, they are presented as non-current assets.

4.11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments which are readily convertible, being those with original maturities of three months or less.

Cash and cash equivalents are measured at fair value, based on the relevant exchange rates at the reporting date.

4.12. PARTNERS' CAPITAL

Biogena Group Invest GmbH&Co KG is organized as Limited Liability Partnership under Austrian law, whereby the general partner ("Komplementär") assumes full and unlimited liability, and the limited partners' liability amounts to the nominal amount of a limited partner's capital paid-in or payable.

Under the current partnership agreement, the limited partner's deemed capital to be paid in is zero; the nominal amount of limited partnership capital, as fully paid-in is described in Note 24. Partnership capital on page 34.

4.13. DIVIDEND DISTRIBUTIONS

Under Austrian law, partners are entitled to defined shares in Biogena Group Invest GmbH&Co KG's individual profits unless the Company incurs losses. Accumulated profits and losses are recorded in retained earnings, and actual distributions to partners are subject to a formal partners' resolution. Accordingly, profit shares are deemed as distributed on the date of such resolution, and reclassified from retained earnings to liabilities to partners within other payables on the same date.

4.14. EMPLOYEE BENEFITS

Retirement benefit obligations

Group companies operate various pension schemes, which comprise a mandatory defined contribution plan scheme in accordance with Austrian labor law for all employees based on monthly payroll contributions, and a defined benefit plan for individual employees at management level.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service with the Group and compensation levels.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

The defined benefit schemes is funded through payments to insurance companies, determined by periodic actuarial calculations. For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each reporting date. Actuarial gains and losses arising from experience adjustments and changes in assumptions are recognized immediately in other comprehensive income. Past service costs are recognized immediately. All other costs related to the defined benefit plan are recognized in profit or loss within employee benefit costs.

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Other post-employment obligations

Some Group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service to normal retirement date and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

4.15. LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- **Plant and machinery**: 3 to 20 years
- **Motor vehicles and other equipment**: 3 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 18. Impairment tests on page 30.

Lease liabilities

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

4.16. FAIR VALUE MEASUREMENT

The Group measures certain financial instruments at fair value on each balance sheet date. The fair values of financial instruments measured at amortized cost are listed in Note 7.5. Fair value estimation on page 21.

Fair value is the price which would be received for the sale of an asset or paid for the transfer of a liability through an orderly transaction between market participants on the measurement date. For measurement of fair value, the transaction involving the sale of the asset or the transfer of the liability is assumed to have occurred on either the

- **Principal market**: for the asset or the liability or the
- **Most advantageous market**: for the asset or the liability, if no principal market is available.

The fair value of an asset or a liability is determined according to the assumptions upon which market participants would base their pricing of this asset or liability. The market participants are thereby presumed to have acted according to their best economic interests.

Measurement of the fair value of a non-financial asset considers the ability of the market participant to realize economic benefit through maximum and optimal utilization of this asset or through its sale to another market participant who will realize its maximum and optimum utilization.

The Group applies measurement methods which are appropriate for the circumstances and for which sufficient data are available for measurement of fair value. Material observable input factors will be used as much as possible and use of non-observable input factors will be minimized.

All assets and liabilities whose fair value is determined or reported in the financial statements will be classified according to the fair value hierarchy outlined below, on the basis of the input parameter for the lowest level which is significant, overall, for fair value measurement:

- **Level 1**: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2**: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- **Level 3**: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

To comply with the disclosure requirements regarding fair values, the Group has specified groups of assets and liabilities according to their type, their characteristics and their risks and also the levels of the fair value hierarchy outlined above.

5. FIRST TIME ADOPTION OF IFRS

These financial statements, for the year ended 30.09.2020 are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 30.09.2019, the Group prepared its financial statements in accordance with local generally accepted accounting principles in Austria (Austrian GAAP), whereby the Group was not required to, and elected not to prepare consolidated financial statements for previous years.

Accordingly, the Group has prepared financial statements that comply with IFRS applicable as at 30.09.2020, together with the comparative period data for the year ended 30.09.2019, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 01.10.2018, the Group's date of transition to IFRS. This note explains the principal exemptions applied by the Group in restating its Austrian GAAP financial statements, including the statement of financial position as at 01.10.2018 and the financial statements as of, and for, the year ended 30.09.2019.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- **IFRS 3 Business Combinations**: has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 October 2018. Use of this exemption means that the Local GAAP carrying amounts of assets and liabilities, that are required to be recognized under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognize any assets or liabilities that were not recognized under the Local GAAP or exclude any previously recognized amounts as a result of IFRS recognition requirements.
- **Local goodwill**: IFRS 1 also requires that the Local GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. There was no impairment recognized on goodwill at 01.10.2018.
- **Effects of Changes in Foreign Exchange Rates** : the Group has not applied IAS 21 The Effects of Changes in Foreign Exchange Rates retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to IFRS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.
- **Land and buildings**: freehold land and buildings were carried in the statement of financial position prepared in accordance with Austrian GAAP on the basis of valuations performed on its acquisition dates. The Group has elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.
- **Cumulative currency translation differences**: for all foreign operations are deemed to be zero as at 01.10.2018.
- **Leasing**: the Group assessed all contracts existing at 01.10.2018 to determine whether a contract contains a lease based upon the conditions in place as at 01.10.2018. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 October 2018. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before 01.10.2018. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognized as an expense on either a straight-line basis over the lease term or another systematic basis.

- **Estimates**: the estimates at 01.10.2018 and at 30.09.2019 are consistent with those made for the same dates in accordance with Austrian GAAP (after adjustments to reflect any differences in accounting policies) apart from the following items where application of Austrian GAAP did not require estimation.
- **Pensions and other post-employment benefits**: the estimates used by the Group to present these amounts in accordance with IFRS reflect conditions at 01.10.2018, the date of transition to IFRS and as at 30.09.2019.

6. RISK REPORT

The main financial instruments used by the Group include investments, cash and cash equivalents, bank loans and leases. The Group has various other financial assets and liabilities, such as trade receivables and trade liabilities, which arise directly from its business activities. The Group does not use any derivative financial instruments such as forward exchange transactions to hedge interest and foreign exchange risks.

7. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Liquidity risk
- Capital risk

Group management has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's financial instruments consist mainly of deposits with banks, available-for-sale investments, accounts receivable and payable, and loans to and from related parties.

7.1. MARKET RISK

7.1.1. Foreign exchange risk

The Group is exposed to foreign currency risk from its operating, investing and financing activities. Group manages the exposure and risk for investing and financing activities at the Group level including all material loans across the Group designated in foreign currencies.

It also monitors exposure and assists in the implementation of group risk management strategies for exposure at an individual subsidiary level. The Group's policy is to cover forward all trade commitments.

The Group publishes its consolidated financial statements in EUR but has investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

A portion of the Biogena Group's revenues and profits are generated by subsidiaries that are not headquartered in the Eurozone. During the period under review, the Group generated 0,5% of its revenues in foreign currencies, mainly USD (0,2%) and CHF (0,3%). A majority of the company's business operations are carried out within the Eurozone.

The following table shows the sensitivity of revenue) to a 10% increase in the USD and CHF exchange rates which is reasonably possible.

		CHF effects		USD effects
	2020	2019	2020	2019
Sales	202.853	148.887	135.539	4.111
Cost of Sales	(17.531)	(94.784)	(134.304)	(1.135)
Gross Profit	**185.322**	**54.103**	**1.235**	**2.976**

A positive figure indicates an increase in the net income for the year, if the USD and CHF increases by 10% in relation to the euro. If the respective currency falls by 10% against the euro, this has an equally large but opposite effect on the net income for the year, so the items shown below would then be negative.

The Swiss and US subsidiaries source their merchandise exclusively from the Group; accordingly, any change in exchange rate has no impact on these subsidiaries' cost of sales at Group level.

7.1.2. Interest rate risk

As part of the process of managing the Group's fixed and floating rate borrowings mix, the interest rate characteristics of borrowings and the refinancing of existing borrowings are positioned according to movements in interest rates.

At 30.09.2020 the fixed interest rates vary from 1.8% to 6.0% (2019: 1.8% to 6.0%) and the main floating rate is 3 -month Euribor respectively 6-month Euribor.

At the reporting date the carrying value of fixed and variable rate borrowings was as follows:

	2020	2019
Fixed rate instruments		
Financial assets	7.339.068	5.591.791
Financial liabilities	(4.377.446)	(6.384.745)
Variable rate instruments		
Financial assets	-	-
Financial liabilities	(17.489.440)	(15.597.289)
Total	**(14.527.818)**	**(16.390.243)**

Fixed rate interest sensitivity analysis

All fixed rate instruments are carried at amortized cost.

Cash flow sensitivity for variable rate instruments:

A change of 100 basis points in interest rates at the reporting date (assuming that all other variables particularly currency exchange rates, remain constant) would have increased/(decreased) other components of equity and profit or loss after tax as follows:

	Comprehensive Income		Equity	
2020 - interest rate increase by in 1.0%	Increase	Decrease	Increase	Decrease
Fixed rate instruments	29.616	-	29.616	-
Variable rate instruments	-	(174.894)	-	(174.894)
2019 - interest rate increase by in 1.0%				
Fixed rate instruments	-	(7.930)	-	(7.930)
Variable rate instruments	-	(93.472)	-	(93.472)

7.2. LIQUIDITY RISK MANAGEMENT

The Group has various commitments and obligations including significant capital expenditure and operates in some cash intensive segments and location, particularly through investment in emerging markets and revenue streams. Therefore, there is a risk that the Group may be unable to meet its short-term financial demands or obligations when due.

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilized borrowing facilities are maintained. Cash intensive capital projects are managed centrally, and borrowing are secured and maintained buy the group treasure to ensure the most appropriate facilities for the purpose and best terms.

The following are the undiscounted contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

		Contractual Cash Flows			
30.09.2020	**Carrying amount**	**< 3 months**	**3 months to 1 year**	**2 years to 5 years**	**>5 years**
Loans and borrowings	21.866.886	-	8.552.239	15.433.404	-
Trade and other payables	10.630.348	1.887.686	8.742.662	-	-
Lease liabilities	16.647.967	-	4.642.677	11.463.524	2.186.831
Employee benefits	1.270.092	-	479.410	-	860.214
	50.419.302	**1.887.686**	**22.420.997**	**26.896.928**	**3.047.045**
30.09.2019					
Loans and borrowings	21.982.034	-	9.347.232	12.877.432	-
Trade and other payables	7.403.937	1.695.427	5.708.510	-	-
Lease liabilities	19.497.717	-	4.560.794	12.960.113	3.956.619
Employee benefits	1.149.117	-	550.995	-	650.721
	50.032.805	**1.695.427**	**20.167.531**	**25.837.545**	**4.607.340**

7.3. CREDIT RISK MANAGEMENT

Risk exposure, management and accounting policy

Credit risk arises on trade receivables and other receivables such as loans to related parties, cash and cash equivalents and deposits with financial institutions.

Risk of exposure to less-stable markets is managed by shorter payment terms and restrictions on amount per order and depending on sector and region payments in advance. For new customers, our usual terms are suspended for the first few transactions whilst credit quality is established. We do not typically carry significant receivables balances that would be considered high risk.

Trade receivable consist mainly of a widespread customer base. Group companies monitor the financial position of their customers on an on-going basis. Where considered appropriate, use is made of factoring and credit guarantee insurance. The granting of credit is controlled by application and account limits.

The impairment is assessed in references to expected credit losses associated with its debt instruments carried at amortized cost. A loss allowance is calculated based on expected credit losses from day one, but the impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables. Trade receivables and contract assets have been determined to have the same risk profile and lifetime credit losses are calculated on the same basis.

In assessment of credit risk and expected losses, management considers a risk of default and its probability for each customers or category of customers. On an ongoing basis an increase in risk is considered through comparison of probability of default at point of assessment vs when was last estimated.

Rebuttable presumption that overdue by over 30 days is an indicator of significant increase is benchmark used by Group, with reviewing other indicators, such as

- Credit rating
- Significant adverse events impacting the customer or significant deterioration in results, particularly free cash flow, operating cash flows, current ratio, debtors days
- Increased frequency of missed payments

Management consider it a default event to be over 90 days overdue. The policy is to write off anything deemed incollectible based on failed collection measures, where others indicators such as above or others are present.

Trade Receivables

For trade receivables, the Group has no significant concentration of credit risk. Exposure is spread over a large number of counterparties and customers.

To measure the expected credit losses, management has used historic data % of settled sales per days overdue. This data was analyzed further to create a profile by segment, region, product/ service offered and type of customer.

Segment and region at an aggregated level were not as informative about customer credit risk and indeed is not how credit worthiness is assessed by us for new customers or any counterparty. Nature of product/ service combined with type of customer together had the best correlations and was most informative at an aggregated level.

External financial information about customers was also used where available- such as credit ratings from reputable agencies for significant customers Macroeconomic for the region and global financial information was also used to adjust weights of certain inputs.

The risk categories are blended based on the mix of receivables and percentages applied to calculate the loss.

Management has not rebutted the presumption that receivables above 90 days overdue are considered to be in default.

Management's other criteria for what constitutes default is in line with internal policy and the indicators are:

- Overdue payments of 90 days, unpaid after 3 reminders sent
- Required payment by installments following significant delays on 3 or more occasions

Management writes off assets unpaid above 120 days, where the asset is considered to no longer be recoverable.

Financial assets at amortized cost

Other financial assets at amortized include loans and receivables, mainly loans to related parties. Risk of default is assessed on an individual basis and expected credit losses are measured based on the historical and current data. All are considered to be low credit risk due to their strong history of payment. The expected losses are minimal and summarized below

7.4. CAPITAL RISK MANAGEMENT

The board's policy is to maintain and develop, centrally for the entire group, a strong a flexible capital base in order to maintain investor and creditor confidence. This is seen as important for the sustenance of future developments in the business and the maintenance of flexibility of capital management strategies.

The gearing ratios at 30.09.2020 and 30.09.2019 were as follows:

	2020	2019	2018
Total loans and borrowings	21.866.885	21.982.034	18.886.213
Less: Cash and cash equivalents	(1.626.260)	(1.126.291)	(1.182.307)
Net debt	**20.240.625**	**20.855.743**	**17.703.906**
Total equity	**1.663.739**	**(1.038.685)**	**1.565.892**
Total capital	**21.904.364**	**19.817.058**	**19.269.798**

7.5. FAIR VALUE ESTIMATION

The estimated fair values have been determined using available market information and appropriate valuation methodologies as outlined below.

The fair value for non-derivative financial liabilities is determined based on the amount the Group would pay to transfer a liability in an orderly transaction between market participants at the measurement date. If a market price is available then this will be used to determine the fair value, otherwise a valuation technique is used. Generally, the Group will obtain the fair value by calculating the present value of future cash flows discounted at prevailing rates of return for financial instruments having the same terms and characteristics and credit rating.

The fair values of financial assets and financial liabilities, together with their respective carrying values as shown in the statement of financial position, are presented in the table below. All assets and liabilities except those expressly states at are measured at fair value on a recurring basis, classified within the fair value hierarchy:

- **Level 1**: prices quoted (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3**: Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

Notes to the Consolidated Financial Statements (in EUR)

As at 30.09.2020	Level 1	Level 2	Level 3	Total	Carrying value
Equity securities designated FVOCI	-	-	221.862	221.862	221.862
Financial assets at FVOCI	**-**	**-**	**221.862**	**221.862**	**221.862**
Loans receivable	-	-	5.750.562	5.750.562	5.750.562
Financial assets held at amortized cost			**5.750.562**	**5.750.562**	**5.750.562**
Loans payable	-	-	(21.866.885)	(21.866.885)	(21.866.885)
Lease liabilities	-	-	(16.647.967)	(16.647.967)	(16.647.967)
Financial liabilities not at fair value through profit or loss			**(38.514.852)**	**(38.514.852)**	**(38.514.852)**

As at 30.09.2019	Level 1	Level 2	Level 3	Total	Carrying value
Equity securities designated FVOCI	-	-	192.949	192.949	192.949
Financial assets at FVOCI	**-**	**-**	**192.949**	**192.949**	**192.949**
Loans receivable	-	-	4.522.414	4.522.414	4.522.414
Financial assets held at amortized cost			**4.522.414**	**4.522.414**	**4.522.414**
Loans payable	-	-	(21.982.034)	(21.982.034)	(21.982.034)
Lease liabilities	-	-	(19.497.717)	(19.497.717)	(19.497.717)
Financial liabilities not at fair value through profit or loss			**(41.479.751)**	**(41.479.751)**	**(41.479.751)**

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily instruments listed on the US stock exchange classified as trading securities or available-for-sale.

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely to the least extent feasible on estimates made by the Group. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs to the fair value assessment is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's equity investments carried at fair value through OCI mainly comprise strategic investments in start-up projects, whereby the Group invests at initial/early stages only. According to the valuation reports and business plans on which the Group's initial investment decisions were made, returns, if any, will only materialize over a timespan of several years. Imminent to startup investments, there is a considerable chance that the companies invested in run out of funds, abandon the projects pursued, or enter into bankruptcy or liquidation.

In line with International Valuation Standard 200.70, the Group applies the Cost Approach to early-stage start up investments when profits and/or cash flow cannot be reliably determined and comparisons with other businesses under the market approach is impractical or unreliable.

The Group's equity investments at FVOCI developed as follows:

	2020	2019
Equity investments as at 01.10. of the preceding year	**291.063**	**610.331**
Gains and losses recognized in profit or loss	-	-
Gains and losses recognized in other comprehensive income	(110.062)	-
Purchases	1.053.572	-
Sales	(35.000)	(319.268)
Equity investments as at 30.09.	**1.199.573**	**291.063**

There were no transfers of financial assets and liabilities between level 1 and level 2.

8. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

Certain areas of financial statements require management to make judgments and estimates in application of accounting policies and measurement of reported amounts. These are continuously monitored for any factors that would lead to a change in assumption or lead to a different decision. Any changes in estimates are accounted for prospectively.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are noted below with reference to relevant notes containing further assessment of the nature and impact of the assumptions.

8.1. JUDGMENTS

In applying the Group's accounting policies, management made the following judgments that significantly influenced the amounts reported in the consolidated financial statements.

Determination of the term of leases with extension or termination options – the Group as a lessee

The Group determines the terms of the lease on the basis of the non-cancelable period of a lease, while taking into consideration the periods covered by an option to extend the lease if it is reasonably certain that it will exercise that option and the periods covered by an option to terminate the lease if it is reasonably certain that it will not exercise that option.

Several of the Group's real estate rental contracts include extension and termination options. For each contract, the Group assesses on an individual basis whether there is a reasonable degree of certainty as to whether or not the option to extend or terminate the lease will be exercised on a discretionary basis. Following the commencement date of the lease, the Group will once again determine the terms of the lease in case of a significant event or a change of circumstances which lies within its control and which influences whether or not it will exercise its option to extend or terminate the lease (e.g. implementation of significant leaseholder improvements or significant changes to the underlying asset).

Leases – estimate of the incremental borrowing rate

The Group is not easily able to determine the underlying interest rate for the lease. It therefore uses its incremental borrowing rate in order to measure leasing liabilities. The incremental borrowing rate is the rate of interest which the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. If no observable interest rates are available (e.g. in case of subsidiaries which do not enter into financing transactions) or if the interest rate must be adjusted in order to reflect the terms of the lease (e.g. if this has not been entered into in the subsidiary's functional currency), then the incremental borrowing rate must be estimated. The Group will estimate the incremental borrowing rate by means of observable input factors (e.g. market interest rates), where these are available, and is required to make certain company-specific estimates.

8.2. ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other major sources of estimation uncertainty on the balance sheet date due to which the considerable risk exists that a significant adjustment of the carrying amounts of assets and liabilities may become necessary within the next financial year are outlined below. The Group's assumptions and estimates are based on parameters which were available at the time of preparation of the consolidated financial statements. However, these circumstances and the assumptions regarding future developments may change due to market movements and market conditions outside the Group's influence. Such changes will only be factored into the assumptions once they have occurred.

In the consolidated financial statements, significant estimates and assumptions were made in the following areas that may lead to significant changes in the next financial year:

8.2.1. Impairment of non-financial assets including goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 18. Impairment tests on page 30

Goodwill

The discounted cash flow method has been applied for the calculation of the fair value of the goodwill. The amount and timing of future cash flows are estimated on the basis of the financial plan for the next five years, but without including significant future investments which will increase the earnings power of the tested cash-generating unit. The recoverable amount depends on the discount rate used within the scope of the discounted cash flow method and on the expected future cash inflows and the growth rate used for extrapolation purposes. If the future cash flows actually expected are lower than previously estimated, this may result in a significant impairment. The underlying assumptions for determination of the recoverable amount for the various cash-generating units – including a sensitivity analysis – are set out in further detail in Note 18. Impairment tests on page 30.

8.2.2. Licenses

A useful life of licenses is established based on the best estimate of Group management as of the balance sheet date. The underlying assumptions for determination of the recoverable amount for the various cash-generating units – including a sensitivity analysis – are set out in further detail in Note 18. Impairment tests on page 30.

Management believes that, to the best of its knowledge, a possible change in any of the underlying assumptions applied to determine the value in use of the participation right is liable to cause the carrying amounts of the participation right to exceed its recoverable amount. However, the assumptions made regarding the budget and capital costs already anticipate possible risk factors and were therefore assessed conservatively. No impairment has been recognized as of the balance sheet date.

8.2.3. Defined benefit plans (pension benefits)

The cost of the defined benefit pension plan and other post-employment benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an ‘AA’ rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality.

Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds. The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

8.2.4. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments..

8.2.5. Development costs

The Group capitalizes costs for product development projects. Initial capitalization of costs is based on management’s judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 30.09.2020, the carrying amount of capitalized development costs was KEUR 1,444 (30.09.2019: KEUR 885, 01.10.2018: KEUR 299).

8.2.6. Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary’s functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary’s stand-alone credit rating).

9. SALES REVENUE

Sales revenue comprises:

	2020	2019
Direct Sales	31.167.326	23.336.030
In-Store Sales	14.543.142	13.120.044
Nicapur sales	5.172.661	4.609.884
Tourism and entertainment	1.126.875	1.038.753
Other	1.976.664	1.870.228
	53.986.668	**43.974.939**

10. COST OF SALES

Cost of sales revenue comprise:

	2020	2019
Cost of merchandise sold	9.116.411	7.503.840
Services received	45.926	34.383
	9.162.338	**7.538.223**

11. OTHER INCOME

Other income comprises:

	2020	2019
Gains/(losses) on sale of fixed and intangible assets	(390.626)	(75.987)
Other income	180.700	178.820
Net foreign currency gains/(losses)	13.304	(40.549)
	(196.621)	**62.283**

12. PERSONNEL EXPENSES

Personnel expenses comprise:

	2020	2019
Wages and salaries	9.566.769	9.164.564
Employee benefits expense	243.865	214.428
Social security and payroll taxes	3.394.526	3.095.364
Other	169.321	155.317
	13.374.482	**12.629.674**

13. ADMINISTRATION EXPENSES

Administration expenses comprise:

	2020	2019
Sales commission expense	3.886.400	3.389.278
Scientific consulting	2.966.059	2.463.180
Marketing expenses	2.498.376	2.397.245
Freight costs	1.355.641	939.769
Legal and professional fees	1.435.222	1.062.544
Maintenance and repair	769.821	614.331
Bank charges	501.794	388.253
Vehicle expenses	479.807	523.296
License and patent fees	344.130	319.966
Insurance	285.736	260.481
Other miscellaneous	2.884.468	3.404.309
	17.407.454	**15.762.652**

14. NET FINANCE COSTS

Net finance costs comprise:

	2020	2019
Interest income - loans to related parties	44.921	-
Interest income - other	79.118	66.965
	124.038	**66.965**
Interest expense - lease liabilities	(498.192)	(520.095)
Interest expense - other	(691.701)	(813.663)
	(1.189.893)	**(1.333.758)**
Gains/(losses) on disposal of available-for-sale assets	(223.539)	(489)
	(1.289.394)	**(1.267.282)**

15. TAXATION

Income tax expense comprises:

	2020	2019
Current tax	7.215	1.542
Deferred tax	8.901	(51.496)
Tax expense recharged by the immediate parent entity (see note below)	138.548	(223.237)
Total tax expense/(recovery)	**154.664**	**(273.191)**

The Group forms a tax group at the level of the Group’s intermediate holding entity, Biogena Deutschland GmbH. According to the Group parent’s partnership structure and the Group tax group agreement, there is no current income tax payable at the level of the Group’s parent entity, and Biogena Deutschland GmbH does not recharge tax expense incurred to tax group members organized as partnerships.

Biogena Deutschland GmbH recharges certain tax income or tax expense to tax group members organized as limited liability companies. Only such entities account for deferred taxes at prevailing tax rates.

Austrian income tax is calculated at 25% (2019: 25%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	2020	2019
Profit before tax	6.126.543	781.359
Tax at the Austrian income tax rate of 25% (2019: 25%)	(1.531.636)	(195.340)
Group tax reconciliation	440.193	(13.096)
Tax effects of expenses not deductible in determining taxable profit	936.780	481.626
Tax expense – effective tax rate for the year	(154.663)	273.190
Effective tax rate for the year %	**2,52%**	**(34,96%)**

16. DEFERRED TAX ASSETS AND LIABILITIES

The development of deferred tax assets and liabilities is as follows:

	Statement of Financial Position		Statement of Comprehensive Income	
	2020	2019	2020	2019
Leases	191.821	200.723	(8.902)	55.497
Deferred tax expense/income	-	-	(8.902)	51.497
Deferred tax asset, net	**191.821**	**200.723**		
Recognized in the statement of financial position:	-	-	-	-
Deferred tax assets from continuing operations	191.821	200.723	-	-
Deferred tax asset, net	**191.821**	**200.723**		

Reconciliation of deferred tax asset, net		
As at1.10.	200.723	145.226
Tax income/expense recognized in profit/loss in the year	(8.902)	51.497
As at 30.09.	**191.821**	**200.723**

Deferred income tax assets are recognized in respect of tax loss carry forwards only to the extent that the realization of the related tax benefit through future taxable profits is probable.

17. INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Changes in intangible assets and property, plant and equipment in 2019 and 2020 are shown in the following statement of changes in assets.

17.1. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise operating and office equipment. Property, plant and equipment are carried at cost minus accumulated systematic straight-line depreciation.

Acquisition cost	Buildings	Equipment	Other	Total
As at 01.10.2018	**5.826.342**	**1.340.000**	**3.682.194**	**10.848.536**
Additions	1.434.772	495.849	495.688	2.426.309
Disposals	(108.993)	(29.056)	(474.963)	(613.012)
Exchange differences	-	-	-	-
As at 30.09.2019	**7.152.121**	**1.806.793**	**3.702.919**	**12.661.833**
Additions	434.641	141.360	578.624	1.154.625
Disposals	(102.691)	(172.715)	(1.688.941)	(1.964.347)
Exchange differences	-	-	-	-
As at 30.09.2020	**7.484.071**	**1.775.438**	**2.592.602**	**11.852.111**
Accumulated depreciation	-	-	-	-
As at 01.10.2018	**(402.331)**	**(306.655)**	**(979.698)**	**(1.688.684)**
Additions	(557.672)	(206.466)	(288.180)	(1.052.318)
Disposals	-	-	-	-
Exchange differences	-	-	-	-
As at 30.09.2019	**(960.003)**	**(513.121)**	**(1.267.878)**	**(2.741.002)**
Additions	(513.677)	(194.248)	(238.771)	(946.696)
Disposals	-	-	-	-
Exchange differences	-	-	-	-
As at 30.09.2020	**(1.473.681)**	**(707.369)**	**(1.506.649)**	**(3.687.699)**
Net book value				
As at 01.10.2018	**5.075.251**	**1.066.446**	**2.651.006**	**8.792.703**
As at 30.09.2019	**6.192.118**	**1.293.672**	**2.435.041**	**9.920.831**
As at 30.09.2020	**6.010.390**	**1.068.069**	**1.085.953**	**8.164.412**

The group did not pledge assets as collateral to secure financial liabilities (2019: nil).

17.2. INTANGIBLE ASSETS OTHER THAN GOODWILL

Intangible assets other than goodwill comprise:

Acquisition cost	Licenses	IT-Software	Development Costs	Total
As at 01.10.2018	**770.627**	**1.673.325**	**298.938**	**1.972.263**
Additions	20.403	693.370	586.552	1.279.922
Disposals	-	(896)	-	(896)
Exchange differences	-	-	-	-
As at 30.09.2019	**791.030**	**2.365.799**	**885.490**	**3.251.289**
Additions	-	144.997	621.353	766.350
Disposals	-	(42.049)	-	(42.049)
Exchange differences	-	-	-	-
As at 30.09.2020	**791.030**	**2.468.747**	**1.506.843**	**3.975.590**
Accumulated depreciation				
As at 01.10.2018	**(340.777)**	**(763.785)**	**-**	**(763.785)**
Additions	(55.880)	(368.888)	-	(368.888)
Disposals	-	-	-	-
Exchange differences	-	-	-	-
As at 30.09.2019	**(396.657)**	**(1.132.673)**	**-**	**(1.132.673)**
Additions	(54.810)	(334.707)	(62.985)	(397.692)
Disposals	-	-	-	-
Exchange differences	-	-	-	-
As at 30.09.2020	**(451.467)**	**(1.467.380)**	**(62.985)**	**(1.530.365)**
Net book value				
As at 01.10.2018	**449.707**	**827.361**	**298.938**	**1.576.005**
As at 30.09.2019	**394.373**	**1.233.126**	**885.490**	**2.512.989**
As at 30.09.2020	**339.563**	**1.001.367**	**1.443.858**	**2.784.788**

17.3. RECONCILIATION OF DEPRECIATION AND AMORTIZATION EXPENSE

Depreciation and amortization expense comprises:

	2020	2019
Depreciation of property, plant and equipment	946.696	1.052.318
Amortization of intangible assets	397.692	368.888
Amortization of right-of-use assets	5.085.448	4.636.826
	6.429.836	**6.058.032**

18. IMPAIRMENT TESTS

Non-financial assets including goodwill

The following goodwill amounts identified upon first-time application of IFRS have been allocated to the following cash-generating units for impairment testing:

- **Cash-generating unit "Ikuna"**: comprising the Group's tourism and entertainment operations, whereby the Group operates a theme park in Natternbach, Austria. These activities are distinct from the Group's nutraceuticals business, and Group management monitors these activities and their financial performance separately.

- **Cash-generating unit "Nicapur"**: comprising the Group's operations and product lines specifically dedicated to pharmaceutical customers, where the Group uses "**Nicapur**" as distinct brand name and directly monitors sales and performance of the related entities.
- **Cash-generating unit "Check-up lounge"**: comprises the Group's investment in new groundbreaking sales channels, whereby the Group develops mobile and stationary health check units for walk-in clients. The Group expects these operations to generate revenues from individual out-patient health assessments. The Group monitors the financial performance of these operations separately.

The Group performed its annual impairment testing on 30.09.2020.

On the balance sheet date, goodwill was allocated to these units as follows:

	2020	2019	2018
Ikuna	2.186.791	2.186.791	2.186.791
Nicapur	504.124	504.124	504.124
Check-up Lounge	276.363	276.363	276.363
	2.976.278	**2.976.278**	**2.976.278**

Basic assumptions for calculation of the value in use

The underlying assumptions for calculation of the value in use of the 3 cash generating units are subject to the following sources of uncertainty:

- Discount rates,
- Cash flow forecasts and
- Growth rates applied for extrapolation of the cash flow forecasts beyond the detailed planning period.

Discount rates

The discount rates reflect the current market estimates regarding the specific risks which apply for the cash-generating units; this includes the interest-rate effect and the specific risks for assets for which estimated future cash flows have not been adjusted. The discount rate calculation gives consideration to the specific circumstances of the Group and its cash-generating units and reflects its weighted average capital costs (WACC). Weighted average capital costs include both loan capital and equity capital. Equity capital costs are derived from the expected equity return for the Group's equity investors. Loan capital costs are based on the interest-bearing loan capital which the Group is required to service. The segment-specific risk is calculated through application of individual beta factors. These beta factors are determined annually on the basis of publicly available market data. For the calculation of a pre-tax discount rate, the discount rate is adjusted for the relevant amount and time of future cash flows recognized for tax purposes.

The pre-tax discount rate applied for the cash flow forecasts is 10.5%. A risk-free interest rate of -0.11% has been applied on the basis of the publicly available recommendation of the Austrian chamber of professional accountants and tax advisers. A market risk premium of 8.36% was agreed for the relevant cash-generating unit. This is based on a publicly available recommendation from the Austrian chamber of professional accountants and tax advisers. The segment-specific risk beta of 1.14 is calculated through application of individual beta factors. These beta factors are determined annually on the basis of publicly available market data.

Cash flow forecasts

The recoverable amount is determined on the basis of the calculation of a value in use, using cash flow forecasts.

For the period from 2021 to 2025, the estimated future cash flows have been derived from the detailed planning approved by the management assuming a yearly growth rate of revenues of 16.7%. For the period after the forecast figures are assumed to be constant implying a growth rate of 0.75%.

Estimates of growth rates: The growth rates are based on long-term market-related growth rates for the Eurozone.

Sensitivity of assumptions

Assumptions regarding the growth rate: The -10% decrease in the long-term growth rate for the cash-generating units “Ikuna”, “Nicapur” and “Check-up Lounge”. would not entail any need for impairment.

Assumption regarding discount rates: A 100 basis-point increase in the WACC would not entail any need for impairment for the cash-generating units “Ikuna”, “Nicapur” and “Check-up Lounge”.

Assumptions regarding EBIT: The -10% decrease in EBIT for the cash-generating units “Ikuna”, “Nicapur” and “Check-up Lounge”. would not entail any need for impairment.

Management believes that, to the best of its knowledge, no possible change in any of the underlying assumptions applied to determine the value in use of the cash-generating units “Ikuna”, “Nicapur”” and “Check-up Lounge”“ is liable to cause the carrying amounts of the respective cash-generating units to significantly exceed their recoverable amount. No impairment has been recognized as of the balance sheet date.

19. LEASES

The Group has entered into leases for various items of software, motor vehicles and operating and office equipment which it uses within its Group. In case of software leases, the term is normally between 3 and 4 years. In case of motor vehicle leases, the term is normally between 3 and 5 years. For operating and office equipment, the term is normally between 2 and 10 years. The Group did not assign or sublease any leased assets in 2019.

The Group has also entered into leases for software and operating and office equipment which have a term of twelve months or less and are of low value. The Group applies the practical expedients for short-term leases and leases of low-value assets for these leases.

The following table shows the carrying amounts of the reported rights of use and the changes during the reporting period:

Right-of-use assets	Buildings	Equipment	Vehicles	Total
As at 01.10.2018	**8.656.173**	**5.113.859**	**276.068**	**14.046.098**
Additions	3.633.445	5.541.796	313.474	9.488.715
Amortization	(1.554.277)	(2.715.034)	(209.603)	(4.478.914)
As at 30.09.2019	**10.735.341**	**7.940.621**	**379.939**	**19.055.901**
Additions	32.483	1.751.331	204.752	1.988.566
Amortization	(1.639.662)	(3.059.642)	(218.792)	(4.918.096)
As at 30.09.2020	**9.128.162**	**6.632.310**	**365.899**	**16.126.371**

The following table shows the carrying amounts of the leasing liability and the changes during the reporting period:

	2020	2019
Leasing liability as at 01.10. of the preceding year	**19.497.717**	**14.344.323**
Additions	1.988.565	9.488.715
Accrual of interest	498.482	520.095
Payments	(5.336.797)	(4.855.416)
Leasing liability as at 30.09.	**16.647.967**	**19.497.717**

The maturity analysis for the leasing liabilities is presented in Note 7.2. Liquidity risk management on page 19.

The following amounts were recognized through profit or loss in the 2020 and 2019 reporting periods:

	2020	2019
Depreciation charge for rights of use	4.918.095	4.478.913
Interest expenses for leasing liabilities	498.482	520.095
	5.416.577	**4.999.008**

The Group does not have any future cash outflows for leases which have not yet begun.

The gross minimum lease liabilities – minimum lease payments are as follows:

	2020	2019
No later than one year	5.019.368	4.820.568
Later than one year	12.588.545	13.495.152
Later than on year but no later than five years	10.578.478	9.858.352
Later than five years	2.010.067	3.636.800

20. FINANCIAL ASSETS

20.1. AMORTIZED COST

Financial assets

		2020		2019		2018
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Trade receivables	1.062.893	-	702.280	-	798.336	-
Other assets	3.041.113	221.862	1.153.633	192.949	3.422.545	164.295
Loans to related party	11.241.291	12.832	7.952.848	35.000	5.081.094	319.268
Less: valuation allowance	(52.734)	-	(26.265)	-	(18.785)	-
	15.292.564	**234.694**	**9.782.496**	**227.949**	**9.283.189**	**483.563**
Total		**15.527.258**		**10.010.445**		**9.766.752**

All noncurrent loans and trade receivables are considered to be held to collect and measured at amortized cost.

The loss allowance is calculated based on lifetime expected credit losses. Impairment and details of Group's exposure to credit, currency and interest rate risks relating to trade and other receivables is detailed in Note 4.10. Trade receivables on page 13.

The directors consider that the carrying amount of trade and other receivables approximates their fair value. The allowance is calculated based on lifetime expected credit losses The Group's exposure to credit, currency and interest rate risks relating to trade and other receivables is detailed in Note 7. Financial risk management on page 17.

The amount above includes receivables that are subject to a factoring arrangement. These trade receivables have been transferred and the group does not have control of the asset. These have been derecognized from the statement of financial position, because the group considers the remaining level of credit risk around late payment immaterial.

The remaining amounts payable to the Group upon final collection of outstanding trade receivables are classified as separate line item within trade receivables, as laid out in Note 21. Trade and other receivables on page 34.

Interest-bearing liabilities

		2020		2019		2018
	Current	Non-Current	Current	Non-Current	Current	Non-Current
Bank liabilities	(16.553.435)	-	(14.323.031)	-	(9.603.050)	-
Other loans	(1.285.451)	-	(1.659.003)	-	(4.265.663)	-
Leasing liabilities	(4.642.677)	(12.005.290)	(4.560.794)	(14.936.923)	(2.727.298)	(11.617.025)
Loans to related party	(5.101.675)	-	(2.777.488)	-	(1.714.631)	-
Other liabilities	(6.008.083)	(790.682)	(5.177.442)	(598.122)	(4.297.303)	(375.240)
	(33.591.321)	**(12.795.972)**	**(28.497.758)**	**(15.535.045)**	**(22.607.945)**	**(11.992.265)**
Total		**(46.387.293)**		**(44.032.803)**		**(34.600.210)**

Lease liabilities are effectively secured as the rights to the relevant asset revert to the lessor in the event of default.

There have been no breaches of these terms during the year or the comparative period.

21. TRADE AND OTHER RECEIVABLES

Trade receivables comprise:

	2020	2019	2018
Trade receivables	102.848	126.802	164.311
Less: valuation allowance	(52.734)	(26.265)	(18.785)
Unbilled services provided to related parties	472.992	109.825	-
Residuals receivable related to factored receivables	539.788	491.918	652.809
Total	**1.062.893**	**702.280**	**798.336**

Other receivables comprise:

	2020	2019	2018
Receivables from fellow subsidiaries (Note 28)	3.410.642	3.199.236	3.218.430
Receivables from related parties (Note 28)	2.080.088	231.198	623.783
Prepayments made for investments in property, plant and equipment and intangible assets	1.671.888	253.638	2.810.319
Other	1.369.225	899.994	612.226
Total	**8.531.842**	**4.584.067**	**7.264.758**

22. INVENTORIES

Inventories comprise:

	2020	2019	2018
Raw materials (at cost)	2.027.114	1.412.066	1.316.098
Finished goods and merchandise (at lower of cost and net realizable value)	1.415.429	1.470.268	1.081.285
Less: Allowance for estimated irrecoverable amounts of inventory	-	-	-
	3.442.543	**2.882.334**	**2.397.383**

In 2020 raw materials, other inventories and changes in work in progress and finished goods amounting to EUR 2.027.114 (2019: EUR 1.412.066) were recognized within cost of sales.

All inventories are expected to be recovered within twelve months of the reporting date.

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in cash flow statement comprise:

	2020	2019	2018
Cash on hand	37.754	56.914	49.046
Bank balances in EUR	1.514.550	980.256	1.071.970
Bank balances in USD	33.725	6.133	-
Bank balances in CHF	40.231	82.988	61.291
Bank balances in other currencies	-	-	-
	1.626.260	**1.126.291**	**1.182.307**

The Group's exposure to credit, currency and interest rate risks relating to cash and cash equivalents, together with a sensitivity analysis, is detailed in Note 7. Financial risk management on page 17.

24. PARTNERSHIP CAPITAL

24.1. PARTNERS' CAPITAL

Committed and paid-in capital in EUR	Unlimited Partner	Limited Partners
At 01.10.2018	**-**	**100.000**
At 30.09.2019	**-**	**100.000**
Issuance of limited partner shares	-	1.000
At 30.09.2020	**-**	**101.000**

24.2. OTHER RESERVES

The change in other comprehensive income – with a breakdown of reserves – is presented below:

	Capital reserve	Currency translation reserve	IAS 19 reserve	Total
At 01.10.2018	**234.968**	**-**	**-**	**234.968**
Other comprehensive income	-	(12.522)	-	(12.522)
At 30.09.2019	**234.968**	**(12.522)**	**-**	**222.446**
Other comprehensive income	-	2.566	37.245	39.811
Contribution of capital reserves	3.183.527	-	-	3.183.527
At 30.09.2020	**3.418.495**	**(9.956)**	**37.245**	**3.445.785**

As laid out in Note 3.3. Changes of investment holdings in the year ended 30.09.2020 on page 5, the Group's immediate shareholder contributed limited partner shares of Biogena Naturprodukte GmbH&Co KG and subsidiaries to the Group's parent company, which was accounted for in accordance with Austrian GAAP, resulting in a nominal con.

25. EMPLOYMENT BENEFIT OBLIGATIONS

The Group operates a defined contribution pension plan for eligible employees of certain subsidiaries and a defined benefit pension plan covering key management of the Company and subsidiaries in Austria and Germany.

	2020	2019	2018
Present value of funded obligations	885.378	628.424	561.641
Less: fair value of plan assets	(282.705)	(206.400)	(186.400)
At 30.09.	**602.673**	**422.024**	**375.241**

Movement in the defined benefit obligation	2020	2019
At 01.10. of the preceding year	**628.424**	**561.641**
Current service cost	290.659	66.783
Interest cost	3.540	-
Total costs within comprehensive income	294.199	66.783
Remeasurement gains and losses recognized in other comprehensive income:	(37.245)	-
At 30.09.	**885.378**	**628.424**

Movement in the fair value of plan assets	2020	2019
At 01.10. of the preceding year	**206.400**	**186.400**
Employer contributions	12.427	2.328
Return on plan assets	63.878	17.672
At 30.09.	**282.705**	**206.400**

The plans are valued annually by independent external actuaries.

The weighted average duration of the defined benefit obligations is longer than 5 years.

Principal actuarial assumptions used	2020	2019
Discount rate	1,10%	1,30%
Inflation rate	1%	1%
Future salary increases	2%	2%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in the relevant jurisdictions.

26. TRADE AND OTHER LIABILITIES

Trade liabilities comprise:

	2020	2019	2018
Trade Payables domestic	1.285.470	963.998	1.061.573
Trade Payables EU	572.783	631.917	522.715
Trade Payables other	29.432	99.513	288.309
	1.887.685	**1.695.428**	**1.872.597**

In addition to invoiced claims for the provision of services, payable to customers also include deferred fee and commission income. Liabilities to customers are not subject to interest and are payable on demand or have a term of up to three months. Their carrying amounts are all equal to their respective fair value.

27. OTHER CURRENT LIABILITIES

Other current liabilities comprise:

	2020	2019	2018
Payables to related parties (Note 28)	6.126.160	3.779.307	2.034.347
Taxes and social security payable	968.717	861.067	612.525
Other liabilities and accruals	1.647.783	1.068.135	941.888
	8.742.660	**5.708.509**	**3.588.760**

28. RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are given below.

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

	Fellow subsidiaries		Other related parties	
	2020	2019	2020	2019
Income - cost recoveries and services provided	257.590	122.970	1.333.655	1.435.452
Gain/(loss) on sale of fixed/intangible assets	-	-	-	-
Gain/(loss) on sale of financial assets	-	-	(218.384)	(488)
Commission expense	(3.527.614)	(3.091.087)	-	-
Interest receivable	44.921	-	65.055	54.470
Interest payable	-	(18.685)	(57.792)	(61.774)
Income tax allocation: credit/(charge)	(138.548)	223.237	-	-

The following balances were outstanding at the end of the reporting period:

	2020	2019	2018
Amounts due from the immediate parent company	3.224.018	3.176.201	3.189.126
Amounts due from the ultimate parent company	18.257	18.280	25.189
Amounts due from fellow unconsolidated subsidiaries	168.366	4.755	4.116
Amounts owed by fellow subsidiaries	**3.410.641**	**3.199.236**	**3.218.431**
Loan due from related company (A)	2.237.269	2.215.239	-
Loans due from related company (B)	3.310.210	2.122.909	1.147.895
Loan due from the beneficial owner and related persons	203.083	184.266	90.986
Amounts due from related company (A)	1.104	-	-
Amounts due from related company (B)	536.645	51.120	-
Amounts due from related company (C)	1.444.144	-	-
Amounts due from the beneficial owner and related persons	98.195	180.078	623.783
Amounts owed by other related parties	**7.830.650**	**4.753.612**	**1.862.664**
Amounts owed by related parties	**11.241.291**	**7.952.848**	**5.081.095**

Loans to related parties are granted at rates of interest comparable with average commercial rates of interest.

	2020	2019	2018
Amounts due to the immediate parent company	4.020.981	2.305.984	1.487.508
Amounts due to the ultimate parent company	903.703	341.915	79.817
Amounts due to fellow unconsolidated subsidiaries	176.990	129.588	147.305
Amounts owed to fellow subsidiaries	**5.101.675**	**2.777.487**	**1.714.630**
Loans payable to the beneficial owner and related persons	303.133	338.286	349.381
Loans payable to other related persons	46.313	46.458	-
Amounts payable to company (A)	37.800	-	318.572
Amounts payable to company (B)	24.000	34.777	-
Amounts payable to company (C)	13.116	-	-
Amounts payable to the beneficial owner and related persons	1.024.487	1.014.055	13.380
Amounts due to other related parties	22.447	-	-
Amounts owed to other related parties	**1.471.295**	**1.433.577**	**681.333**
Amounts owed to related parties	**6.572.970**	**4.211.064**	**2.395.964**

Loans to related parties are granted at rates of interest comparable with average commercial rates of interest.

Companies and individuals and their immediate family members are considered to be related parties if one of the parties has the opportunity to control the other party or to exercise a significant influence over its financial and business policies.

A company or individual is considered to be a related party of Biogena if the party controls or is controlled by or is jointly controlled with the company, either directly or indirectly via one or more intermediaries, or holds an interest in the company that gives it a significant influence over the company, or if it is involved in the joint management of the company. A company or individual is considered to be a related party when the party is an associate or a person in a key management position in the company or its parent company.

Loans to key Group management are for terms up to three years, with earlier repayment required should employment with the Group cease, and are unsecured.

For guarantees issued on behalf of related parties refer to Note 30. Contingent liabilities and contingent assets on page 39.

29. NOTES TO THE CASH FLOW STATEMENT

The consolidated cash flow statement of the Biogena Group shows how the Biogena Group's cash and cash equivalents changed as a result of the inflow and outflow of funds during the reporting year. Within the cash flow statement, a distinction is made between cash flows from operating activities, investing activities and financing activities. The cash flow statement is prepared using the indirect method. The funds on which the cash flow statement is based are the cash and cash equivalents, which comprise bank balances and cash in hand. Note 23. Cash and cash equivalents on page 35 provides a reconciliation of these funds with the cash and cash equivalents reported in the balance sheet.

30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group has issued bank guarantees in favor of a related party.

	2020	2019
Bank guarantees issues on behalf of related party (A) (Note 28)	19.921.778	14.790.282
Other bank guarantees	503.720	196.404
	20.425.498	**14.986.686**

It is not anticipated that any material unprovided liabilities will arise from the contingent liabilities.

The Group has no contingent assets as at 30.09.2020 (30.09.2019: nil).

31. EVENTS AFTER THE END OF THE REPORTING PERIOD

Group Management confirms that the Covid-19/Coronavirus pandemic had no adverse impact on the Group until to date and, based on the review of recent trading data, Group Management does not expect a significant negative impact in the foreseeable future. Biogena Group has calculated several downside scenarios for 2021 onwards in order to safeguard liquidity and profitability.

The Group expanded its commercial scope in 2021 by incorporating 2 new group entities. GALENOS BOC GmbH is designated to operate as supporting unit for Start-Ups, working on internal and external projects. Biogena Alimentastic GmbH will act as distributor of new group products, such as oils, essences and cereal bars to retailers in Austria.

32. AVERAGE NUMBER OF EMPLOYEES DURING THE FINANCIAL YEAR

FTE – full time equivalent, based in:	2020	2019
Austria	239	226
Germany	8	7
Other	-	-
	247	**233**

The above employee figures exclusively comprise salaried employees.

33. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors of the General Partner of the Company for and on behalf of Biogena Group Invest GmbH&Co KG and authorized for issue on 16.04.2021.

Dr. Albert Schmidbauer   Julia Ganglbauer   Roman Huber   Stefan Klinglmair

KAMMER DER STEUERBERATER UND WIRTSCHAFTSPRÜFER

General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Recommended for use by the Board of the Chamber of Tax Advisers and Auditors, last recommended in its decision of April 18, 2018

Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

SECTION I

1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, consultation shall consist of the following activities:
a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
b) examining the tax assessment notices for the tax returns mentioned under a).
c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
e) participating in appeal procedures with regard to the taxes mentioned under a).
If the contractor receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the contractor the amount of the annual salary of the member of staff taken over.

2. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

4. Reporting Requirements

(1) (Reporting by the contractor) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.

(2) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original professional statement of the change.

(2) The client has the right to have all errors corrected free of charge if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor has completed the work that gives cause to complaint.

(3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Item 7.

7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2nd Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but no later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.

(2) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

9. Withdrawal and Cancellation („Termination")

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any such assignments exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 9. (4).

10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

(9) Personnel and material expenses for the preparation of reports, expert opinions and similar documents are also viewed as supplementary costs.

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate at the amount stipulated in Section 456 1st and 2nd Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for laesio enormis (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papiers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

14. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law, excluding national referral rules.

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

SECTION II

15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSchG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSchG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the contractor as well as instructions on the right to withdraw from the contract, but no earlier than the conclusion of the contract. The consumer shall not have the right to withdraw from the contract

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

In order to become legally effective, the withdrawal shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the contractor to the contractor with a note which indicates that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within one week.

If the consumer withdraws from the contract according to Section 3 KSchG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and compensate the consumer for all necessary and useful expenses incurred in this matter,

2. the consumer shall pay for the value of the services rendered by the contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSchG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSchG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

If the contract is based on a cost estimate prepared by the contractor, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (3)

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit. a) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit. a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.