

# Paranova Group A/S

Marielundvej 46 D, 2.tv., 2730 Herlev  
CVR no. 18 13 94 80

## Annual report for 2023

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 03.06.24

Erik Bernhard Pfeiffer  
Dirigent



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**The company**

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Paranova Group A/S  
Marielundvej 46 D, 2.tv.  
2730 Herlev  
Tel.: 44 66 32 00  
Registered office: Herlev  
CVR no.: 18 13 94 80  
Financial year: 01.01 - 31.12

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**Executive Board**

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Dirk Andreas Oltersdorf

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**Board of Directors**

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Dirk Andreas Oltersdorf  
Chairman Erik Bernhard Pfeiffer  
Hans-Joachim Oltersdorf

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**Auditors**

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Beierholm  
Statsautoriseret Revisionspartnerselskab

## **Statement by the Executive Board and Board of Directors on the annual report**

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We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for Paranova Group A/S.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.23 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Herlev, June 3, 2024

### **Executive Board**

Dirk Andreas Oltersdorf

### **Board of Directors**

Dirk Andreas Oltersdorf

Erik Bernhard Pfeiffer  
Chairman

Hans-Joachim Oltersdorf

**To the Shareholder of Paranova Group A/S****Opinion**

We have audited the consolidated financial statements and financial statements of Paranova Group A/S for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 31.12.23 and of the results of the group's and the company's operations and consolidated cash flows for the financial year 01.01.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

**Basis for Opinion**

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

**Statement on the management's review**

Management is responsible for the management's review.

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

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

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

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

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

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

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

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

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, 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 and financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the 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 and financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and financial statements, including the disclosures, and whether the consolidated financial statements and financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Soeborg, Copenhagen, June 3, 2024

**Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Jan Nygaard

State Authorized Public Accountant  
MNE-no. mne11743

## GROUPS FINANCIAL HIGHLIGHTS

## Key figures

Figures in DKK '000	2023	2022	2021	2020	2019
<i>Profit/loss</i>					
Revenue	1,307,656	1,263,433	1,877,032	1,484,150	1,333,487
Index	98	95	141	111	100
Gross result	73,259	19,557	45,250	43,621	43,795
Index	167	45	103	100	100
Operating profit/loss	37,327	-19,260	5,555	-2,509	-7,952
Index	-469	242	-70	32	100
Total net financials	-5,328	-6,643	-2,494	-1,150	-3,040
Profit/loss before tax	31,999	-25,903	3,061	-3,659	-10,992
Index	-291	236	-28	33	100
Total tax	-503	-15,576	-227	6	85
Index	-592	-18,325	-267	7	100
Profit/loss for the year	19,362	-53,993	2,834	-3,653	-10,907

*Balance*

Total assets	185,294	176,927	320,954	555,620	283,770
Investments in property, plant and equipment	250	328	536	317	737
Equity	10,850	-8,042	45,901	43,243	46,731

## Ratios

	2023	2022	2021	2020	2019
<i>Profitability</i>					
Return on equity	1,378%	-111%	6%	-8%	-46%
Gross margin	6%	2%	2%	3%	3%
Asset turnover	7	8	4	4	5

*Others*

Number of employees (average)	62	61	61	57	66
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*Ratios definitions*

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Gross margin:	$\frac{\text{Gross result} \times 100}{\text{Revenue}}$
Asset turnover:	$\frac{\text{Revenue}}{\text{Avg. total assets}}$

**Primary activities**

The group's activities comprise distribution of parallel imported pharmaceuticals.

**Development in activities and financial affairs**

The income statement for the period 01.01.23 - 31.12.23 shows a profit/loss of DKK 19,362k against DKK -53,993k for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 10,850k.

The management considers the net result for the year to be satisfying under the market conditions present in 2023.

The earnings expectations for 2023 were a repositive result of kDKK 0, with a budgeted decrease of turnover in the Nordic markets due to stopping business in the Swedish and Norwegian market by the end of 2023.

All potential risk by leaving these markets were accrued by end of 2023

The development in the Finnish market and in the Danish market with a restructured organization was very satisfying.

The development of the German Business within Paranova was much better than expected.

The objective was more than achieved.

**Outlook**

Based on the restructured and leaner organization, the Group expects a satisfying and positive development in the Nordic business in 2024, and expects a profit before tax in the region of DKK 25,000 - 35,000k.

We expect a further growth of the German business with better margins.

Key for a performing organization is the work with data analytics and the implementation of lean and smart processes.

The focus is on valuable assortments.

With all these initiatives and decision, the management expect a better performing organization, a higher turnover level and a sustainable improved result.

No serious impact is expected from the Ukrainian crisis.

Note	Group		Parent		
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	
	<b>Revenue</b>	<b>1,307,656</b>	<b>1,263,433</b>	<b>0</b>	<b>0</b>
	Other operating income	27,347	1,914	0	0
	Cost of sales	-1,210,951	-1,210,229	0	0
	Other external expenses	-50,793	-35,561	-338	-390
	<b>Gross result</b>	<b>73,259</b>	<b>19,557</b>	<b>-338</b>	<b>-390</b>
2	Staff costs	-30,911	-33,075	0	0
	<b>Profit/loss before depreciation, amortisation, write-downs and impairment losses</b>	<b>42,348</b>	<b>-13,518</b>	<b>-338</b>	<b>-390</b>
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-4,918	-5,720	0	0
	Other operating expenses	-103	-22	0	0
	<b>Operating profit/loss</b>	<b>37,327</b>	<b>-19,260</b>	<b>-338</b>	<b>-390</b>
3	Income from equity investments in group enterprises	0	0	19,404	-49,534
4	Financial income	1,205	-214	1	0
5	Financial expenses	-6,533	-6,429	0	-3
	<b>Profit/loss before tax</b>	<b>31,999</b>	<b>-25,903</b>	<b>19,067</b>	<b>-49,927</b>
6	Tax on profit or loss for the year	-503	-15,576	295	-4,066
	<b>Profit/loss from continuing operations</b>	<b>31,496</b>	<b>-41,479</b>	<b>19,362</b>	<b>-53,993</b>
7	Profit/loss from discontinuing operations	-12,134	-12,514	0	0
	<b>Profit/loss for the year</b>	<b>19,362</b>	<b>-53,993</b>	<b>19,362</b>	<b>-53,993</b>
8	Proposed appropriation account				

ASSETS		Group		Parent	
		31.12.23 DKK '000	31.12.22 DKK '000	31.12.23 DKK '000	31.12.22 DKK '000
Note					
	Acquired rights	5,474	7,668	0	0
9	<b>Total intangible assets</b>	<b>5,474</b>	<b>7,668</b>	<b>0</b>	<b>0</b>
	Other fixtures and fittings, tools and equipment	695	796	0	0
10	<b>Total property, plant and equipment</b>	<b>695</b>	<b>796</b>	<b>0</b>	<b>0</b>
11	Equity investments in group enterprises	0	0	57,450	40,848
12	Deposits	531	284	0	0
	<b>Total investments</b>	<b>531</b>	<b>284</b>	<b>57,450</b>	<b>40,848</b>
	<b>Total non-current assets</b>	<b>6,700</b>	<b>8,748</b>	<b>57,450</b>	<b>40,848</b>
	Raw materials and consumables	509	1,244	0	0
	Manufactured goods and goods for resale	37,367	64,149	0	0
	<b>Total inventories</b>	<b>37,876</b>	<b>65,393</b>	<b>0</b>	<b>0</b>
	Trade receivables	33,657	70,489	0	0
	Receivables from group enterprises	68,928	1,274	0	0
16	Deferred tax asset	7,115	6,109	0	0
	Income tax receivable	0	329	295	0
	Other receivables	6,829	22,293	82	48
13	Prepayments	2,250	1,869	9	8
	<b>Total receivables</b>	<b>118,779</b>	<b>102,363</b>	<b>386</b>	<b>56</b>
	<b>Cash</b>	<b>20,468</b>	<b>423</b>	<b>61</b>	<b>0</b>
14	<b>Discontinuing operations</b>	<b>1,471</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total current assets</b>	<b>178,594</b>	<b>168,179</b>	<b>447</b>	<b>56</b>
	<b>Total assets</b>	<b>185,294</b>	<b>176,927</b>	<b>57,897</b>	<b>40,904</b>

EQUITY AND LIABILITIES		Group		Parent	
		31.12.23 DKK '000	31.12.22 DKK '000	31.12.23 DKK '000	31.12.22 DKK '000
Note					
15	Share capital	30,000	30,000	30,000	30,000
	Foreign currency translation reserve	-5,011	-4,541	0	0
	Retained earnings	-14,139	-33,501	-19,150	-38,042
	<b>Total equity</b>	<b>10,850</b>	<b>-8,042</b>	<b>10,850</b>	<b>-8,042</b>
16	Provisions for deferred tax	0	131	0	0
17	Other provisions	6,521	1,281	2,414	4,643
	<b>Total provisions</b>	<b>6,521</b>	<b>1,412</b>	<b>2,414</b>	<b>4,643</b>
	Payables to other credit institutions	0	78	0	0
	Trade payables	3,886	5,729	182	181
	Payables to group enterprises	114,067	139,871	44,451	44,122
	Income taxes	1,285	0	0	0
	Other payables	44,425	37,879	0	0
14	Discontinuing operations	4,260	0	0	0
	<b>Total short-term payables</b>	<b>167,923</b>	<b>183,557</b>	<b>44,633</b>	<b>44,303</b>
	<b>Total payables</b>	<b>167,923</b>	<b>183,557</b>	<b>44,633</b>	<b>44,303</b>
	<b>Total equity and liabilities</b>	<b>185,294</b>	<b>176,927</b>	<b>57,897</b>	<b>40,904</b>
18	Contingent liabilities				
19	Related parties				

## Statement of changes in equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings
Group:				
Statement of changes in equity for 01.01.23 - 31.12.23				
Balance as at 01.01.23	30,000	0	-4,541	-33,501
Foreign currency translation adjustment of foreign enterprises	0	0	-470	0
Net profit/loss for the year	0	0	0	19,362
Balance as at 31.12.23	30,000	0	-5,011	-14,139
Parent:				
Statement of changes in equity for 01.01.23 - 31.12.23				
Balance as at 01.01.23	30,000	0	0	-38,042
Foreign currency translation adjustment of foreign enterprises	0	0	0	-470
Net profit/loss for the year	0	0	0	19,362
Balance as at 31.12.23	30,000	0	0	-19,150

## Consolidated cash flow statement

Note	Group	
	2023 DKK '000	2022 DKK '000
	<b>19,362</b>	<b>-53,993</b>
<b>Profit/loss for the year</b>		
20 Adjustments	10,827	23,104
Change in working capital:		
Inventories	27,518	52,943
Receivables	-17,290	72,093
Trade payables	-1,571	-9,425
Other payables relating to operating activities	-15,400	-73,256
Other provisions	5,240	-1,621
<b>Cash flows from operating activities before net financials</b>	<b>28,686</b>	<b>9,845</b>
Interest income and similar income received	1,723	13
Interest expenses and similar expenses paid	-7,018	-6,653
<b>Cash flows from operating activities</b>	<b>23,391</b>	<b>3,205</b>
Purchase of intangible assets	-3,522	-3,298
Sale of intangible assets	504	0
Purchase of property, plant and equipment	-250	-328
Sale of property, plant and equipment	0	11
<b>Cash flows from investing activities</b>	<b>-3,268</b>	<b>-3,615</b>
Arrangement of payables to credit institutions	0	78
Repayment of payables to credit institutions	-78	0
<b>Cash flows from financing activities</b>	<b>-78</b>	<b>78</b>
<b>Total cash flows for the year</b>	<b>20,045</b>	<b>-332</b>
Cash, beginning of year	423	755
<b>Cash, end of year</b>	<b>20,468</b>	<b>423</b>
Cash, end of year, comprises:		
Cash	20,468	423
<b>Total</b>	<b>20,468</b>	<b>423</b>

## 1. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	Group		Parent	
		2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Adjustment of purchase prices of products from parent company as a result of tax audit in other countries.	Other operating income	24,888	1,173	0	0
Gain on the disposal of property, plant and equipment	Administrative expenses	-10,793	0	0	0
<b>Total</b>		<b>14,095</b>	<b>1,173</b>	<b>0</b>	<b>0</b>

As a result of a tax audit performed in the parent company covering the accounting period 2016-2022 the group has been compensated with a net amount of DKK 14.095 from the parent company.



	Group		Parent	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000

## 2. Staff costs

Wages and salaries	24,600	26,710	0	0
Pensions	4,064	4,269	0	0
Other social security costs	508	553	0	0
Other staff costs	1,739	1,543	0	0
<b>Total</b>	<b>30,911</b>	<b>33,075</b>	<b>0</b>	<b>0</b>

Average number of employees during the year	62	61	0	0
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Remuneration paid to each member of the management:

Direk Andreas Oltersdorf	224	224	0	0
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Remuneration to the management has been paid by the parent company MPA Pharma GmbH as part of management fee and recorded as administrative expenses,

## 3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	19,404	-49,534
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## 4. Financial income

Interest, group enterprises	0	10	0	0
Other interest income	317	3	0	0
Foreign currency translation adjustments	1,405	0	0	0
Other financial income	1	0	1	0
Other financial income	1,723	3	1	0
Transferred to discontinuing operations	-518	-227	0	0
<b>Total</b>	<b>1,205</b>	<b>-214</b>	<b>1</b>	<b>0</b>

	Group		Parent	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
<b>5. Financial expenses</b>				
Interest, group enterprises	5,352	846	0	0
Other interest expenses	36	33	0	3
Foreign currency translation adjustments	1,628	5,771	0	0
Other financial expenses total	1,664	5,804	0	3
Transferred to discontinuing operations	-483	-221	0	0
Total	6,533	6,429	0	3

#### 6. Tax on profit or loss for the year

Current tax for the year	1,844	86	-295	0
Adjustment of deferred tax for the year	-1,711	15,398	0	3,794
Adjustment of tax in respect of previous years	0	272	0	272
Transferred to discontinuing operations	370	-180	0	0
Total	503	15,576	-295	4,066

	Group		Parent	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000

## 7. Profit/loss from discontinuing operations

The activity in Sweden is being discontinued. The activity is recognised in the company's income statement with the following amounts:

Revenue	123,141	523,981	0	0
Other operating income	147	0	0	0
Cost of sales	-132,251	-532,691	0	0
Other external expenses	-2,179	-2,224	0	0
Depreciation and amortisation of and impairment losses on intangible assets and property, plant and equipment	-971	-1,406	0	0
Other operating expenses	-426	0	0	0
Other financial income	518	227	0	0
Other financial expenses	-483	-221	0	0
Tax on profit or loss for the year	370	-180	0	0
<b>Total</b>	<b>-12,134</b>	<b>-12,514</b>	<b>0</b>	<b>0</b>

## 8. Proposed appropriation account

Reserve for net revaluation according to the equity method	0	0	0	-9,783
Retained earnings	19,362	-53,993	19,362	-44,210
<b>Total</b>	<b>19,362</b>	<b>-53,993</b>	<b>19,362</b>	<b>-53,993</b>

**9. Intangible assets**

Figures in DKK '000

Acquired rights

Group:

Cost as at 01.01.23	73,989
Foreign currency translation adjustment of foreign enterprises	382
Additions during the year	3,522
Disposals during the year	-3,594
Cost as at 31.12.23	74,299
Amortisation and impairment losses as at 01.01.23	-66,320
Amortisation during the year	-5,539
Reversal of amortisation of and impairment losses on disposed assets	3,089
Amortisation of and impairment losses on disposed assets for the year	-55
Amortisation and impairment losses as at 31.12.23	-68,825
Carrying amount as at 31.12.23	5,474

**10. Property, plant and equipment**

Figures in DKK '000

Other fixtures  
Leasehold and fittings, tools  
improvements and equipment

Group:

Cost as at 01.01.23	244	2,434
Additions during the year	0	250
Cost as at 31.12.23	244	2,684
Depreciation and impairment losses as at 01.01.23	-244	-1,638
Depreciation during the year	0	-351
Depreciation and impairment losses as at 31.12.23	-244	-1,989
Carrying amount as at 31.12.23	0	695

Parent:

Cost as at 01.01.23	244	187
Cost as at 31.12.23	244	187
Depreciation and impairment losses as at 01.01.23	-244	-187
Depreciation and impairment losses as at 31.12.23	-244	-187
Carrying amount as at 31.12.23	0	0

**11. Equity investments in group enterprises**

Figures in DKK '000	Equity invest- ments in group enterprises
Parent:	
Cost as at 01.01.23	80,701
Disposals during the year	-1
Cost as at 31.12.23	80,700
Revaluations as at 01.01.23	-39,702
Foreign currency translation adjustment of foreign enterprises	-470
Reversal of revaluations of disposed assets	-101
Net profit/loss from equity investments	14,609
Revaluations as at 31.12.23	-25,664
Negative equity value transferred to provisions	2,414
Depreciation and impairment losses as at 31.12.23	2,414
Carrying amount as at 31.12.23	57,450
Name and registered office:	
Ownership interest	
Subsidiaries:	
Paranova Pack A/S, Denmark	100%
Paranova Danmark A/S, Denmark	100%
Paranova AS, Norway	100%
Paranova Läkemedel AB, Sweden	100%
Paranova Oy, Finland	100%

The subsidiaries Paranova Pack A/S and Paranova Danmark A/S have presented their annual report for 2023 according to the provisions on Class B enterprises set out in section 78 a of the Danish Financial Statements Act.

**12. Other non-current financial assets**

Figures in DKK '000	Deposits
Group:	
Cost as at 01.01.23	284
Additions during the year	249
Transfers during the year to/from other items	-2
Cost as at 31.12.23	531
Carrying amount as at 31.12.23	531

	Group		Parent	
	31.12.23	31.12.22	31.12.23	31.12.22
	DKK '000	DKK '000	DKK '000	DKK '000

**13. Prepayments**

Prepaid insurance premiums	0	509	0	0
Prepaid membership fees and subscriptions	0	539	0	0
Other prepayments	2,264	821	9	8
Transferred to discontinuing operations	-14	0	0	0
Total	2,250	1,869	9	8

	Group		Parent	
	31.12.23 DKK '000	31.12.22 DKK '000	31.12.23 DKK '000	31.12.22 DKK '000

#### 14. Discontinuing operations

The activity in Sweden is being discontinued. The activity is recognised in the company's balance sheet with the following amounts:

*Assets relating to discontinuing operations:*

Income tax receivable	153	0	0	0
Other receivables	47	0	0	0
Deferred income	14	0	0	0
Cash	1,257	0	0	0
<b>Total assets relating to discontinuing operations</b>	<b>1,471</b>	<b>0</b>	<b>0</b>	<b>0</b>

*Liabilities relating to discontinuing operations:*

Provisions for deferred tax	131	0	0	0
Prepayments received from customers	391	0	0	0
Trade payables	271	0	0	0
Other payables	3,467	0	0	0
<b>Total liabilities relating to discontinuing operations</b>	<b>4,260</b>	<b>0</b>	<b>0</b>	<b>0</b>

#### 15. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share capital	30,000	30,000
<b>Total</b>		<b>30,000</b>

	Group		Parent	
	31.12.23 DKK '000	31.12.22 DKK '000	31.12.23 DKK '000	31.12.22 DKK '000

**16. Deferred tax**

Provisions for deferred tax as at 01.01.23	5,978	21,270	0	3,794
Disposals relating to demergers and divestment of enterprises	131	0	0	0
Deferred tax recognised in the income statement	1,006	-15,292	0	-3,794
Provisions for deferred tax as at 31.12.23	7,115	5,978	0	0

Deferred tax is recognized in the balance sheet as:

Deferred tax asset	7,115	6,109	0	0
Provisions for deferred tax	-131	-131	0	0
Transferred to discontinuing operations	131	0	0	0
Total	7,115	5,978	0	0

Deferred tax is distributed as below:

Intangible assets	4,129	4,742	45	90
Property, plant and equipment	1,158	2,342	527	703
Provisions	1,303	408	0	0
Tax losses	23,719	47,536	4,582	4,582
Impairment	-23,194	-49,050	-5,154	-5,375
Total	7,115	5,978	0	0

As at 31.12.22, the company has recognised a deferred tax asset of DKK 5.978k, which can primarily be attributed to tax losses carried forward. The deferred tax asset is recognised on the basis of expectations of positive operating results for the coming years.



**17. Other provisions**

Figures in DKK '000	Warranty commitments	Provisions for subsidiaries		
Group:				
Provisions as at 01.01.23	1,281	0		
Provisions during the year	5,240	0		
Provisions as at 31.12.23	6,521	0		
Parent:				
Provisions as at 01.01.23	0	4,643		
Reversed provision in respect of previous years	0	-2,229		
Provisions as at 31.12.23	0	2,414		
	31.12.23 DKK '000	31.12.22 DKK '000	31.12.23 DKK '000	31.12.22 DKK '000

Other provisions are expected to be distributed as follows:

Non-current liabilities	0	0	2,414	4,643
Current liabilities	6,521	1,281	0	0
Total	6,521	1,281	2,414	4,643

**18. Contingent liabilities**

Group:

*Lease commitments*

The group has concluded lease agreements with terms to maturity of 3-35 months and total lease payments of DKK 38.560k.

*Other contingent liabilities*

Parent:

The company is taxed jointly with the other [ Danish ] companies in the group and has joint, several and unlimited liability for income taxes [ and any obligations to withhold tax at source on interest,

royalties and dividends ] for the jointly taxed companies. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company MPA Pharma GmbH.

## 19. Related parties

Controlling influence	Basis of influence
MPA Pharma GmbH, Germany	Ownership

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

The company is included in the consolidated financial statements of the parent MPA Pharma GmbH, Germany.

## 20. Adjustments for the cash flow statement

Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	5,889	7,126
Other operating expenses	0	22
Financial income	-1,723	-13
Financial expenses	7,018	6,653
Tax on profit or loss for the year	133	15,755
Other adjustments	-490	-6,439
Total	10,827	23,104

## 21. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized groups and enterprises in reporting class C.

The accounting policies of the parent and group have changed which is stated in the 'Change in accounting policies' section.

## 21. Accounting policies - continued -

### Change in accounting policies

The company has changed its accounting policies in the following areas:

#### *Transition to application of the rules applying to a lower reporting class*

The company has switched from reporting class C large to reporting class C medium-sized due to change in the Danish accounting legislation regarding the threshold for C large. Consequently, the annual report is presented in accordance with the provisions for reporting class C medium-sized instead of, as previously, reporting class C large. The transition to a lower reporting class has resulted in the following changes in presentation:

In the management report, the following has been omitted:

- Statement of social responsibility
- Statement on underrepresented gender
- Policy for data ethics

In the notes, the following has been omitted from the notes:

- Nature and value of contingent assets
- Segment information on net revenue
- Audit fee

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

**21. Accounting policies** - continued -**CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

**CURRENCY**

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are

**21. Accounting policies** - continued -

recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

**LEASES**

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

**INCOME STATEMENT****Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

**Other operating income**

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

**Cost of sales**

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

**Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

**Staff costs**

Staff costs comprise wages and salaries as well as other staff-related costs.

**Depreciation, amortisation and impairment losses**

The depreciation and amortisation of intangible assets and property, plant and equipment aim at

**21. Accounting policies** - continued -

systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK '000
Acquired rights	3	0
Leasehold improvements	5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

**Other operating expenses**

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

**Income from equity investments in group enterprises**

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

**Other net financials**

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

**Tax on profit/loss for the year**

The current and deferred tax for the year is recognised in the income statement as tax on the

**21. Accounting policies** - continued -

profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

**BALANCE SHEET****Intangible assets***Acquired rights*

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

**Property, plant and equipment**

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference

**21. Accounting policies** - continued -

between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

**Equity investments in group enterprises**

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the parent has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

**Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups



**21. Accounting policies** - continued -

of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

**Inventories**

Inventories are measured at cost calculated according to FEFO-method (First Expired First Out) Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

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

**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

**Cash**

**21. Accounting policies** - continued -

Cash includes deposits in bank accounts as well as operating cash.

**Equity**

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

**Provisions**

Other provisions comprise expected expenses incidental to warranty commitments, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period of 1-5 years. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through

**21. Accounting policies** - continued -

offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

**Payables**

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

**CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.

**DISCONTINUING OPERATIONS**

Discontinuing operations comprise significant business areas and activities that according to an overall plan must be disposed of, closed down or relinquished, and which may be separated from the continuing operations. Discontinuing operations comprise the actually discontinued operations for the year and operations that are discontinuing but still in existence at the balance sheet date. Assets and liabilities as well as income and expenses included in discontinuing operations are recognised and

**21. Accounting policies** - continued -

measured in accordance with the company's accounting policies.

The net profit or loss from discontinuing operations is presented separately in the income statement after continuing operations. Assets and liabilities relating to discontinuing operations are also presented separately in the balance sheet as current assets and short-term payables, respectively.