

# Paranova Group A/S

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

## Annual report for 2021

This annual report has been adopted at the  
annual general meeting on 29.04.22

Erik Bernhard Pfeiffer

Chairman of the meeting

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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  
Fax: 44 66 32 01  
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 01.01.21 - 31.12.21 for Paranova Group A/S.

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

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 31.12.21 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.21 - 31.12.21.

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, April 29, 2022

### **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 parent company financial statements of Paranova Group A/S for the financial year 01.01.21 - 31.12.21, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of 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 parent company financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.21 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.01.21 - 31.12.21 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing 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 parent company 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 regarding the management's review**

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company financial statements does not cover 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 parent company financial statements, 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 management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management's review.

### **Management's responsibility for the consolidated financial statements and parent company financial statements**

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

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and parent company 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 parent company financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and parent company 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent company financial statements.

As part of an audit conducted in accordance with International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and parent company 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 parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company 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, April 29, 2022

**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                          | 2021      | 2020      | 2019      | 2018      | 2017      |
|--|-----------|-----------|-----------|-----------|-----------|
| <i>Profit/loss</i>                           |           |           |           |           |           |
| Revenue                                      | 1,877,032 | 1,484,150 | 1,333,487 | 1,366,429 | 1,225,192 |
| Index  | 153       | 121       | 109       | 112       | 100       |
| Gross result                                 | 45,251    | 43,621    | 43,795    | 45,267    | 68,957    |
| Index  | 66        | 63        | 64        | 66        | 100       |
| Operating profit/loss                        | 5,555     | -2,509    | -7,952    | -3,686    | 26,194    |
| Index  | 21        | -10       | -30       | -14       | 100       |
| Total net financials                         | -2,494    | -1,150    | -3,040    | -5,806    | -6,150    |
| Profit/loss before tax                       | 3,061     | -3,659    | -10,992   | -9,492    | 20,044    |
| Index  | 15        | -18       | -55       | -47       | 100       |
| Total tax                                    | -227      | 6         | 85        | 1,978     | -5,187    |
| Index  | 4         | -         | -2        | -38       | 100       |
| Profit/loss for the year                     | 2,834     | -3,653    | -10,907   | -7,514    | 14,857    |
| <i>Balance</i>                               |           |           |           |           |           |
| Total assets                                 | 320,954   | 555,620   | 283,770   | 269,304   | 360,258   |
| Investments in property, plant and equipment | 536       | 317       | 737       | 0         | 0         |
| Equity                                       | 45,900    | 43,243    | 46,731    | 192       | 9,871     |
| <i>Cashflow</i>                              |           |           |           |           |           |
| Net cash flow:                               |           |           |           |           |           |
| Operating activities                         | 7,122     | 10,351    | 3,132     | 13,082    | 8,816     |
| Investing activities                         | -8,304    | -8,621    | -7,346    | -8,954    | -9,013    |
| Financing activities                         | 0         | -6        | 130       | 0         | 0         |
| Cash flows for the year                      | -1,182    | 1,724     | -4,084    | 4,128     | -197      |

**Ratios**

|                      | 2021 | 2020 | 2019 | 2018  | 2017 |
|----------------------|------|------|------|-------|------|
| <i>Profitability</i> |      |      |      |       |      |
| Return on equity     | 6%   | -8%  | -46% | -149% | 664% |
| Gross margin         | 2%   | 3%   | 3%   | 3%    | 6%   |
| Asset turnover       | 4    | 4    | 5    | 4     | 3    |

*Others*

|                               |    |    |    |    |    |
|-------------------------------|----|----|----|----|----|
| Number of employees (average) | 61 | 57 | 66 | 66 | 59 |
|-------------------------------|----|----|----|----|----|

*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 01.01.21 - 31.12.21 shows a profit/loss of DKK'000 2,834 against DKK'000 -3,653 for the period 01.01.20 - 31.12.20. The balance sheet shows equity of DKK'000 45,900.

The management considers the net result for the year to be acceptable under the market conditions present in 2021.

The earnings expectations for 2021 were a sustainable positive profit. This objective was partially met with a significant increase in profit before tax.

Due to the ongoing COVID 19 situation and in relation to this with changed market conditions in the Danish market 2021 and higher returns than expected, an even more sustainable result was not achieved. The Turnover targets in the other Nordic markets and in the German market were like expected in the budgets

**Outlook**

The company expects still challenging conditions related to the COVID 19 Situation in the first quarter of 2022, with a normalization afterwards. No serious impact is expected from the Ukrainian crisis. For the Swedish and German market we expect better performing markets and with an ongoing improvement of an improved, leaner organization we expect a sustainable improved positive result

**Financial risks***Foreign currency risks*

The group is exposed to foreign currency risks primarily from SEK due to sales transactions that are settled in currencies other than DKK. The group has not entered into hedging contract. It is the policy of the parent company (MPA) to hedge commercial currency risk. The group does not engage in speculative currency positions.

**Subsequent events**

No important events have occurred after the end of the financial year.

### **Corporate social responsibility**

The company works with local authorities on job trials for challenged people to return to employment and have established modern HR policies as well as AMO council with representatives from employees.

### **Gender diversity**

*Target figures for the supreme management body*

At board level there are currently no female representation appointed by the general assembly. The target of 25% remains, but postponed till the end of 2022.

*Other management levels*

At the management levels, male vs. female managers constitute a balanced 50/50 representation. The gender balance is expected to be maintained in future.

### **Data ethics**

The group has not implemented data ethics principles because the group is solely operating within the business to business segment.

## Income statement

| Note | Group  |                  | Parent           |                  |               |
|------|--|------------------|------------------|------------------|---------------|
|      | 2021<br>DKK '000   | 2020<br>DKK '000 | 2021<br>DKK '000 | 2020<br>DKK '000 |               |
| 2    | <b>Revenue</b>   | <b>1,877,032</b> | <b>1,484,150</b> | <b>0</b>         | <b>0</b>      |
|      | Other operating income   | 4,082            | 3,791            | 0                | 1             |
|      | Cost of sales  | -1,797,381       | -1,406,215       | 0                | 0             |
|      | Other external expenses  | -38,482          | -38,105          | -332             | -182          |
|      | <b>Gross result</b>  | <b>45,251</b>    | <b>43,621</b>    | <b>-332</b>      | <b>-181</b>   |
| 3    | Staff costs  | -31,440          | -38,336          | 0                | 0             |
|      | <b>Profit/loss before depreciation,<br/>amortisation, write-downs and<br/>impairment losses</b>                | <b>13,811</b>    | <b>5,285</b>     | <b>-332</b>      | <b>-181</b>   |
|      | Depreciation, amortisation and<br>impairments losses of intangible assets<br>and property, plant and equipment | -7,997           | -7,794           | 0                | 0             |
|      | Other operating expenses   | -259             | 0                | 0                | 0             |
|      | <b>Operating profit/loss</b>   | <b>5,555</b>     | <b>-2,509</b>    | <b>-332</b>      | <b>-181</b>   |
| 5    | Income from equity investments in group<br>enterprises   | 0                | 0                | 2,259            | -3,937        |
| 6    | Financial income   | 206              | 1,863            | 603              | 479           |
| 7    | Financial expenses   | -2,700           | -3,013           | 0                | -14           |
|      | <b>Profit/loss before tax</b>  | <b>3,061</b>     | <b>-3,659</b>    | <b>2,530</b>     | <b>-3,653</b> |
|      | Tax on profit or loss for the year   | -227             | 6                | 304              | 0             |
|      | <b>Profit/loss for the year</b>  | <b>2,834</b>     | <b>-3,653</b>    | <b>2,834</b>     | <b>-3,653</b> |
| 8    | Proposed appropriation account   |                  |                  |                  |               |

| ASSETS |  | Group                |                      | Parent               |                      |
|--------|--|----------------------|----------------------|----------------------|----------------------|
|        |  | 31.12.21<br>DKK '000 | 31.12.20<br>DKK '000 | 31.12.21<br>DKK '000 | 31.12.20<br>DKK '000 |
| Note   |  |                      |                      |                      |                      |
|        | Acquired rights                                  | 11,346               | 11,473               | 0                    | 0                    |
| 9      | <b>Total intangible assets</b>                   | <b>11,346</b>        | <b>11,473</b>        | <b>0</b>             | <b>0</b>             |
|        | Other fixtures and fittings, tools and equipment | 802                  | 560                  | 0                    | 0                    |
| 10     | <b>Total property, plant and equipment</b>       | <b>802</b>           | <b>560</b>           | <b>0</b>             | <b>0</b>             |
| 11     | Equity investments in group enterprises          | 0                    | 0                    | 92,144               | 88,403               |
| 12     | Deposits   | 284                  | 295                  | 0                    | 0                    |
|        | <b>Total investments</b>                         | <b>284</b>           | <b>295</b>           | <b>92,144</b>        | <b>88,403</b>        |
|        | <b>Total non-current assets</b>                  | <b>12,432</b>        | <b>12,328</b>        | <b>92,144</b>        | <b>88,403</b>        |
|        | Raw materials and consumables                    | 63                   | 123                  | 0                    | 0                    |
|        | Manufactured goods and goods for resale          | 117,539              | 162,247              | 0                    | 0                    |
|        | Prepayments for goods                            | 735                  | 0                    | 0                    | 0                    |
|        | <b>Total inventories</b>                         | <b>118,337</b>       | <b>162,370</b>       | <b>0</b>             | <b>0</b>             |
|        | Trade receivables                                | 165,821              | 133,941              | 0                    | 0                    |
|        | Receivables from group enterprises               | 0                    | 219,502              | 479                  | 479                  |
|        | Deferred tax asset                               | 21,412               | 21,469               | 3,794                | 3,491                |
|        | Income tax receivable                            | 0                    | 626                  | 157                  | 273                  |
|        | Other receivables                                | 238                  | 2,031                | 27                   | 0                    |
|        | Prepayments                                      | 1,959                | 1,416                | 0                    | 0                    |
|        | <b>Total receivables</b>                         | <b>189,430</b>       | <b>378,985</b>       | <b>4,457</b>         | <b>4,243</b>         |
|        | <b>Cash</b>                                      | <b>755</b>           | <b>1,937</b>         | <b>0</b>             | <b>0</b>             |
|        | <b>Total current assets</b>                      | <b>308,522</b>       | <b>543,292</b>       | <b>4,457</b>         | <b>4,243</b>         |
|        | <b>Total assets</b>                              | <b>320,954</b>       | <b>555,620</b>       | <b>96,601</b>        | <b>92,646</b>        |

| EQUITY AND LIABILITIES |  | Group                |                      | Parent               |                      |
|------------------------|--|----------------------|----------------------|----------------------|----------------------|
|                        |  | 31.12.21<br>DKK '000 | 31.12.20<br>DKK '000 | 31.12.21<br>DKK '000 | 31.12.20<br>DKK '000 |
| Note                   |  |                      |                      |                      |                      |
| 13                     | Share capital  | 30,000               | 30,000               | 30,000               | 30,000               |
|                        | Reserve for net revaluation according to the equity method | 0                    | 0                    | 9,781                | 7,697                |
|                        | Foreign currency translation reserve                       | -4,592               | -4,415               | 0                    | 0                    |
|                        | Retained earnings  | 20,492               | 17,658               | 6,119                | 5,546                |
|                        | <b>Total equity</b>  | <b>45,900</b>        | <b>43,243</b>        | <b>45,900</b>        | <b>43,243</b>        |
| 14                     | Provisions for deferred tax                                | 142                  | 157                  | 0                    | 0                    |
| 15                     | Other provisions   | 2,902                | 1,967                | 6,457                | 4,798                |
|                        | <b>Total provisions</b>                                    | <b>3,044</b>         | <b>2,124</b>         | <b>6,457</b>         | <b>4,798</b>         |
| 16                     | Other payables   | 0                    | 2,723                | 0                    | 0                    |
|                        | <b>Total long-term payables</b>                            | <b>0</b>             | <b>2,723</b>         | <b>0</b>             | <b>0</b>             |
|                        | Trade payables   | 15,155               | 6,274                | 133                  | 105                  |
|                        | Payables to group enterprises                              | 214,604              | 463,197              | 44,111               | 44,404               |
|                        | Income taxes   | 5,847                | 0                    | 0                    | 0                    |
|                        | Other payables   | 36,404               | 37,493               | 0                    | 96                   |
|                        | Deferred income  | 0                    | 566                  | 0                    | 0                    |
|                        | <b>Total short-term payables</b>                           | <b>272,010</b>       | <b>507,530</b>       | <b>44,244</b>        | <b>44,605</b>        |
|                        | <b>Total payables</b>                                      | <b>272,010</b>       | <b>510,253</b>       | <b>44,244</b>        | <b>44,605</b>        |
|                        | <b>Total equity and liabilities</b>                        | <b>320,954</b>       | <b>555,620</b>       | <b>96,601</b>        | <b>92,646</b>        |
| 17                     | Contingent liabilities                                     |                      |                      |                      |                      |
| 18                     | Charges and security                                       |                      |                      |                      |                      |
| 19                     | Related parties  |                      |                      |                      |                      |

## Statement of changes in equity

| Figures in DKK '000  | Share capital | Reserve for<br>net<br>revaluation<br>according to<br>the equity<br>method | Foreign<br>currency<br>translation<br>reserve | Retained<br>earnings | Total equity |
|--|---------------|---|---|----------------------|--------------|
| Group:   |               |   |   |                      |              |
| Statement of changes in<br>equity for 01.01.21 -<br>31.12.21         |               |   |   |                      |              |
| Balance as at 01.01.21   | 30,000        | 0   | -4,415  | 17,658               | 43,243       |
| Foreign currency translation<br>adjustment of foreign<br>enterprises | 0             | 0   | -177  | 0                    | -177         |
| Net profit/loss for the year   | 0             | 0   | 0   | 2,834                | 2,834        |
| Balance as at 31.12.21   | 30,000        | 0   | -4,592  | 20,492               | 45,900       |
| Parent:  |               |   |   |                      |              |
| Statement of changes in<br>equity for 01.01.21 -<br>31.12.21         |               |   |   |                      |              |
| Balance as at 01.01.21   | 30,000        | 7,697   | 0   | 5,546                | 43,243       |
| Foreign currency translation<br>adjustment of foreign<br>enterprises | 0             | 0   | 0   | -177                 | -177         |
| Net profit/loss for the year   | 0             | 2,084   | 0   | 750                  | 2,834        |
| Balance as at 31.12.21   | 30,000        | 9,781   | 0   | 6,119                | 45,900       |



## Consolidated cash flow statement

| Note  | Group            |                  |
|---|------------------|------------------|
|   | 2021<br>DKK '000 | 2020<br>DKK '000 |
|   | <b>2,834</b>     | <b>-3,653</b>    |
| <b>Profit/loss for the year</b>                                   |                  |                  |
| 20 Adjustments  | 14,299           | 9,401            |
| Change in working capital:  |                  |                  |
| Inventories   | 44,033           | -66,184          |
| Receivables   | 188,882          | -205,413         |
| Trade payables  | 8,881            | -5,626           |
| Other payables relating to operating activities                   | -250,248         | 281,010          |
| Other provisions  | 935              | 1,967            |
| <b>Cash flows from operating activities before net financials</b> | <b>9,616</b>     | <b>11,502</b>    |
| Interest income and similar income received                       | 206              | 1,862            |
| Interest expenses and similar expenses paid                       | -2,700           | -3,013           |
| <b>Cash flows from operating activities</b>                       | <b>7,122</b>     | <b>10,351</b>    |
| Purchase of intangible assets                                     | -7,768           | -8,304           |
| Purchase of property, plant and equipment                         | -536             | -317             |
| <b>Cash flows from investing activities</b>                       | <b>-8,304</b>    | <b>-8,621</b>    |
| Arrangement of payables to credit institutions                    | 0                | -6               |
| <b>Cash flows from financing activities</b>                       | <b>0</b>         | <b>-6</b>        |
| <b>Total cash flows for the year</b>                              | <b>-1,182</b>    | <b>1,724</b>     |
| Cash, beginning of year   | 1,937            | 213              |
| <b>Cash, end of year</b>  | <b>755</b>       | <b>1,937</b>     |
| Cash, end of year, comprises:                                     |                  |                  |
| Cash  | 755              | 1,937            |
| <b>Total</b>  | <b>755</b>       | <b>1,937</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<br>income statement in:  | Group            |                  | Parent           |                  |
|--|--|------------------|------------------|------------------|------------------|
|  |  | 2021<br>DKK '000 | 2020<br>DKK '000 | 2021<br>DKK '000 | 2020<br>DKK '000 |
| Impairment losses<br>on intangible<br>assets | Depreciation and<br>amortisation of and<br>impairment losses<br>on intangible assets<br>and property, plant<br>and equipment | 0                | -33              | 0                | 0                |
| Loss on disposal of<br>intangible assets     | Other operating<br>expenses  | -163             | 0                | 0                | 0                |
| <b>Total</b>                                 |  | <b>-163</b>      | <b>-33</b>       | <b>0</b>         | <b>0</b>         |

|         | Group            |                  | Parent           |                  |
|---------|------------------|------------------|------------------|------------------|
|         | 2021<br>DKK '000 | 2020<br>DKK '000 | 2021<br>DKK '000 | 2020<br>DKK '000 |
| Revenue | 1,877,032        | 1,484,150        | 0                | 0                |

## 2. Revenue

Revenue comprises the following activities:

|         |           |           |   |   |
|---------|-----------|-----------|---|---|
| Revenue | 1,877,032 | 1,484,150 | 0 | 0 |
|---------|-----------|-----------|---|---|

Revenue comprises the following geographical markets:

|                 |                  |                  |          |          |
|-----------------|------------------|------------------|----------|----------|
| Denmark         | 709,194          | 719,914          | 0        | 0        |
| Germany         | 696,188          | 397,904          | 0        | 0        |
| Sweden          | 275,620          | 170,726          | 0        | 0        |
| Finland         | 178,936          | 194,129          | 0        | 0        |
| Other countries | 17,094           | 1,477            | 0        | 0        |
| <b>Total</b>    | <b>1,877,032</b> | <b>1,484,150</b> | <b>0</b> | <b>0</b> |

|   | Group            |                  | Parent           |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2021<br>DKK '000 | 2020<br>DKK '000 | 2021<br>DKK '000 | 2020<br>DKK '000 |
| <b>3. Staff costs</b>                       |                  |                  |                  |                  |
| Wages and salaries                          | 25,766           | 31,730           | 0                | 0                |
| Pensions                                    | 4,114            | 4,714            | 0                | 0                |
| Other social security costs                 | 540              | 620              | 0                | 0                |
| Other staff costs                           | 1,020            | 1,272            | 0                | 0                |
| <b>Total</b>                                | <b>31,440</b>    | <b>38,336</b>    | <b>0</b>         | <b>0</b>         |
| Average number of employees during the year |                  |                  |                  |                  |
|   | 61               | 57               | 0                | 0                |

**4. Fees to auditors appointed by the general meeting**

|   |            |            |            |            |
|---|------------|------------|------------|------------|
| Statutory audit of the financial statements | 440        | 433        | 133        | 114        |
| Tax advice                                  | 178        | 45         | 134        | 0          |
| <b>Total</b>                                | <b>618</b> | <b>478</b> | <b>267</b> | <b>114</b> |

**5. Income from equity investments in group enterprises**

|  |   |   |       |        |
|--|---|---|-------|--------|
| Share of profit or loss of group enterprises | 0 | 0 | 2,259 | -3,937 |
|--|---|---|-------|--------|

|  | Group            |                  | Parent           |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2021<br>DKK '000 | 2020<br>DKK '000 | 2021<br>DKK '000 | 2020<br>DKK '000 |
| <b>6. Financial income</b>               |                  |                  |                  |                  |
| Interest, group enterprises              | 1                | 845              | 479              | 479              |
| Other interest income                    | 0                | 5                | 0                | 0                |
| Foreign currency translation adjustments | 205              | 1,013            | 124              | 0                |
| Other financial income                   | 205              | 1,018            | 124              | 0                |
| <b>Total</b>                             | <b>206</b>       | <b>1,863</b>     | <b>603</b>       | <b>479</b>       |

**7. Financial expenses**

|  |              |              |          |           |
|--|--------------|--------------|----------|-----------|
| Interest, group enterprises              | 1,335        | 2,927        | 0        | 0         |
| Other interest expenses                  | 202          | 81           | 0        | 0         |
| Foreign currency translation adjustments | 1,163        | 0            | 0        | 14        |
| Other financial expenses                 | 0            | 5            | 0        | 0         |
| Other financial expenses total           | 1,365        | 86           | 0        | 14        |
| <b>Total</b>                             | <b>2,700</b> | <b>3,013</b> | <b>0</b> | <b>14</b> |

**8. Proposed appropriation account**

|  |              |               |              |               |
|--|--------------|---------------|--------------|---------------|
| Reserve for net revaluation according to the equity method | 0            | 0             | 2,084        | -19,999       |
| Retained earnings  | 2,834        | -3,653        | 750          | 16,346        |
| <b>Total</b>   | <b>2,834</b> | <b>-3,653</b> | <b>2,834</b> | <b>-3,653</b> |

**9. Intangible assets**

Figures in DKK '000

Acquired rights

Group:

|  |         |
|--|---------|
| Cost as at 01.01.21  | 74,373  |
| Foreign currency translation adjustment of foreign enterprises       | -270    |
| Additions during the year  | 7,768   |
| Disposals during the year  | -650    |
| Cost as at 31.12.21  | 81,221  |
| Amortisation and impairment losses as at 01.01.21                    | -62,899 |
| Foreign currency translation adjustment of foreign enterprises       | 241     |
| Amortisation during the year   | -7,703  |
| Reversal of amortisation of and impairment losses on disposed assets | 486     |
| Amortisation and impairment losses as at 31.12.21                    | -69,875 |
| Carrying amount as at 31.12.21                                       | 11,346  |

**10. Property, plant and equipment**

| Figures in DKK '000                               | Leasehold and fittings, tools<br>improvements | Other fixtures<br>and equipment |
|---|---|---------------------------------|
| Group:  |   |                                 |
| Cost as at 01.01.21                               | 244   | 1,590                           |
| Additions during the year                         | 0   | 536                             |
| Cost as at 31.12.21                               | 244   | 2,126                           |
| Depreciation and impairment losses as at 01.01.21 | -244  | -1,029                          |
| Depreciation during the year                      | 0   | -295                            |
| Depreciation and impairment losses as at 31.12.21 | -244  | -1,324                          |
| Carrying amount as at 31.12.21                    | 0   | 802                             |
| Parent:   |   |                                 |
| Cost as at 01.01.21                               | 244   | 187                             |
| Cost as at 31.12.21                               | 244   | 187                             |
| Depreciation and impairment losses as at 01.01.21 | -244  | -187                            |
| Depreciation and impairment losses as at 31.12.21 | -244  | -187                            |
| Carrying amount as at 31.12.21                    | 0   | 0                               |

**11. Equity investments in group enterprises**

| Figures in DKK '000  | Equity invest-<br>ments in group<br>enterprises |
|--|---|
| Cost as at 01.01.21  | 59,930  |
| Cost as at 31.12.21  | 59,930  |
| Revaluations as at 01.01.21                                    | 7,699   |
| Foreign currency translation adjustment of foreign enterprises | -177  |
| Net profit/loss from equity investments                        | 2,259   |
| Revaluations as at 31.12.21                                    | 9,781   |
| Negative equity value impaired in receivables                  | 15,976  |
| Negative equity value transferred to provisions                | 6,457   |
| Depreciation and impairment losses as at 31.12.21              | 22,433  |
| Carrying amount as at 31.12.21                                 | 92,144  |

| Name and registered office: | Ownership<br>interest |
|-----------------------------|-----------------------|
|-----------------------------|-----------------------|

Subsidiaries:

|                               |      |
|-------------------------------|------|
| Paranova Pack A/S, Denmark    | 100% |
| Paranova Danmark A/S, Denmark | 100% |
| Vicura ApS, Denmark           | 100% |
| Paranova AS, Norway           | 100% |
| Paranova Läkemedel AB, Sweden | 100% |
| Paranova Oy, Finland          | 100% |
| Paranova Pack BV, Holland     | 100% |

Subsidiary Paranova Danmark A/S and Vicura ApS have presented their annual report for 2021 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              | Receivables from<br>group enterprises | Deposits |
|----------------------------------|---------------------------------------|----------|
| Group:                           |                                       |          |
| Cost as at 01.01.21              | 0                                     | 295      |
| Disposals during the year        | 0                                     | -11      |
| Cost as at 31.12.21              | 0                                     | 284      |
| Carrying amount as at 31.12.21   | 0                                     | 284      |
| Parent:                          |                                       |          |
| Cost as at 01.01.21              | 15,976                                | 0        |
| Cost as at 31.12.21              | 15,976                                | 0        |
| Impairment losses as at 01.01.21 | -15,976                               | 0        |
| Impairment losses as at 31.12.21 | -15,976                               | 0        |
| Carrying amount as at 31.12.21   | 0                                     | 0        |

**13. Share capital**

The share capital consists of:

|               | Quantity | Total nominal<br>value |
|---------------|----------|------------------------|
| Share capital | 30,000   | 30,000,000             |

The share capital has been fully paid in at the balance sheet date.



|   | Group                |                      | Parent               |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | 31.12.21<br>DKK '000 | 31.12.20<br>DKK '000 | 31.12.21<br>DKK '000 | 31.12.20<br>DKK '000 |
| <b>14. Deferred tax</b>                             |                      |                      |                      |                      |
| Provisions for deferred tax as at 01.01.21          | 21,312               | 21,314               | 3,491                | 3,491                |
| Deferred tax recognised in the income statement     | -42                  | -2                   | 304                  | 0                    |
| Provisions for deferred tax as at 31.12.21          | 21,270               | 21,312               | 3,795                | 3,491                |
| Deferred tax is recognized in the balance sheet as: |                      |                      |                      |                      |
| Deferred tax asset                                  | 21,412               | 21,469               | 3,795                | 3,491                |
| Provisions for deferred tax                         | -142                 | -157                 | 0                    | 0                    |
| Total   | 21,270               | 21,312               | 3,795                | 3,491                |

As at 31.12.21, the company has recognised a deferred tax asset of DKK 21.270k, 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.

#### 15. Other provisions

| Figures in DKK '000        | Provisions for subsidiaries Other provisions |       |
|----------------------------|--|-------|
| Group:                     |  |       |
| Provisions as at 01.01.21  | 0  | 1,967 |
| Provisions during the year | 0  | 935   |
| Provisions as at 31.12.21  | 0  | 2,902 |
| Parent:                    |  |       |
| Provisions as at 01.01.21  | 4,798  | 0     |
| Provisions during the year | 1,659  | 0     |
| Provisions as at 31.12.21  | 6,457  | 0     |

|  | Group                |                      | Parent               |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | 31.12.21<br>DKK '000 | 31.12.20<br>DKK '000 | 31.12.21<br>DKK '000 | 31.12.20<br>DKK '000 |

**15. Other provisions** - continued -

Other provisions are expected to be distributed as follows:

|                         |              |              |              |              |
|-------------------------|--------------|--------------|--------------|--------------|
| Non-current liabilities | 0            | 4,798        | 6,457        | 4,798        |
| Current liabilities     | 2,902        | 1,967        | 0            | 0            |
| <b>Total</b>            | <b>2,902</b> | <b>6,765</b> | <b>6,457</b> | <b>4,798</b> |

**16. Long-term payables**

| Figures in DKK '000 | Total payables at<br>31.12.21 | Total payables at<br>31.12.20 |
|---------------------|-------------------------------|-------------------------------|
| Group:              |                               |                               |
| Other payables      | 0                             | 2,723                         |
| <b>Total</b>        | <b>0</b>                      | <b>2,723</b>                  |

**17. Contingent liabilities**

Group:

*Lease commitments*

The group has concluded lease agreements with terms to maturity of 5-28 months and average lease payments of DKK 261k, a total of DKK 1,675k. .

Parent:

*Lease commitments*

The company has no lease agreements.

## 18. Charges and security

Group:

The group has not provided any other security over assets.

Parent:

The company has not provided any security over assets.

## 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<br>and property, plant and equipment | 7,997  | 7,794  |
| Other operating expenses  | 163    | 0      |
| Financial income  | -206   | -1,862 |
| Financial expenses  | 2,700  | 3,013  |
| Tax on profit or loss for the year  | 227    | -6     |
| Other adjustments   | 3,418  | 462    |
| Total   | 14,299 | 9,401  |

## 21. Accounting policies

**21. Accounting policies** - continued -**GENERAL**

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

The accounting policies have been applied consistently with previous years.

**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.

**Costs of raw materials and consumables****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.

**21. Accounting policies** - continued -**Depreciation, amortisation and impairment losses**

The depreciation and amortisation of intangible assets and property, plant and equipment aim at 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<br>lives,<br>years | Residual<br>value,<br>per cent |
|---|---------------------------|--------------------------------|
| Acquired rights   |                           | 3                              |
| Leasehold improvements                                  |                           | 5                              |
| Other plant, fixtures and fittings, tools and equipment |                           | 3-5                            |

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.

**21. Accounting policies** - continued -**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 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'



**21. Accounting policies** - continued -

section.

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

**21. Accounting policies** - continued -

considered an indication of impairment.

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

**21. Accounting policies** - continued -**Cash**

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 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.

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

**21. Accounting policies** - continued -

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**

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

**Prepayments received from customers****Deferred income**

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

**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.

**21. Accounting policies** - continued -

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.