

# **Paranova Danmark A/S**

Marielundvej 46 D, 2.tv., 2730 Herlev  
CVR no. 19 25 21 91

## **Annual report for 2017**

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 25.04.18

Erik Pfeiffer  
Dirigent

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**The company**

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Paranova Danmark A/S  
Marielundvej 46 D, 2.tv.  
2730 Herlev  
Tel.: 44 66 32 00  
Fax: 44 66 32 01  
Registered office: Herlev  
CVR no.: 19 25 21 91  
Financial year: 01.01 - 31.12

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**Executive Board**

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Rasmus Helt Poulsen

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**Board Of Directors**

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Erik Bernhard Pfeiffer  
Hans-Joachim Oltersdorf  
Dirk Andreas Oltersdorf

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**Auditors**

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Beierholm  
Statsautoriseret Revisionspartnerselskab

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

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We have on this day presented the annual report for the financial year 01.01.17 - 31.12.17 for Paranova Danmark A/S.

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

In our opinion, the financial statements give a true and fair view of the the company's assets, liabilities and financial position as at 31.12.17 and of the results of the the company's activities for the financial year 01.01.17 - 31.12.17.

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 25, 2018

### **Executive Board**

Rasmus Helt Poulsen

### **Board Of Directors**

Erik Bernhard Pfeiffer  
Chairman

Hans-Joachim Oltersdorf

Dirk Andreas Oltersdorf

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

We have audited the financial statements of Paranova Danmark A/S for the financial year 01.01.17 - 31.12.17, which comprise the income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.17 and of the results of the company's operations for the financial year 01.01.17 - 31.12.17 in accordance with the Danish Financial Statements Act.

**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 financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Statement regarding the management's review**

Management is responsible for management's review.

Our opinion on the 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 financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether 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 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 financial statements**

The Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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 25, 2018

**Beierholm**

Statsautoriseret Revisionspartnerselskab  
CVR no. 32 89 54 68

Jan Nygaard

State Authorized Public Accountant  
MNE-no. mne11743

**FINANCIAL HIGHLIGHTS****Key figures**

Figures in DKK '000	2017	2016	2015	2014
<i>Profit/loss</i>				
Operating profit/loss	878	755	584	510
Index	172	148	115	100
Total net financials	-2.270	-1.094	-457	-24
Index	9.458	4.558	1.904	100
Profit/loss for the year	-1.087	-265	100	416
Index	-261	-64	24	100
<i>Balance</i>				
Total assets	105.955	64.354	52.227	53.508
Index	198	120	98	100
Equity	16.586	17.673	27.937	27.837
Index	60	63	100	100

**Ratios**

	2017	2016	2015	2014
<i>Profitability</i>				
Gross margin	2%	2%	2%	2%
<i>Equity ratio</i>				
Equity interest	16%	27%	53%	52%
<i>Others</i>				
Number of employees (average)	7	6	6	6

Gross result x 100

Gross margin:

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Revenue

Equity interest:

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Equity, end of year x 100

Total assets

**Primary activities**

The company's main activities is distribution of parallel imported pharmaceuticals.

**Development in activities and financial affairs**

The income statement for the period 01.01.17 - 31.12.17 shows a profit/loss of DKK'000 -1,087 against DKK'000 -265 for the period 01.01.16 - 31.12.16. The balance sheet shows equity of DKK'000 16,586.

**Outlook**

Management expects for next year a similar result as the current year.

**Special risks***Price risks*

The company is not subjected to special price risks.

*Currency risks*

The company is not subjected to special exchange currency risks as its activities is based in Denmark.

*Interest rate risks*

The company is not subjected to special interest risks.

**Subsequent events**

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

## Income statement

Note		2017 DKK '000	2016 DKK '000
	<b>Gross profit</b>	<b>9.913</b>	<b>8.719</b>
1	Staff costs	-4.742	-4.108
	<b>Profit/loss before depreciation, amortisation, write-downs and impairment losses</b>	<b>5.171</b>	<b>4.611</b>
	Depreciation, amortisation, impairment losses and write-downs of property, plant and equipment	-4.293	-3.856
	<b>Profit/loss before net financials</b>	<b>878</b>	<b>755</b>
2	Financial expenses	-2.270	-1.094
	<b>Profit/loss before tax</b>	<b>-1.392</b>	<b>-339</b>
	Tax on profit or loss for the year	305	74
	<b>Profit/loss for the year</b>	<b>-1.087</b>	<b>-265</b>
3	Distribution of net profit		

## Balance sheet

## ASSETS

Note		31.12.17 DKK '000	31.12.16 DKK '000
	Acquired rights	5.636	6.762
4	<b>Total intangible assets</b>	<b>5.636</b>	<b>6.762</b>
	<b>Total non-current assets</b>	<b>5.636</b>	<b>6.762</b>
	Trade receivables	98.203	55.733
	Receivables from group enterprises	242	358
7	Deferred tax asset	1.849	1.501
5	Prepayments	25	0
	<b>Total receivables</b>	<b>100.319</b>	<b>57.592</b>
	<b>Total current assets</b>	<b>100.319</b>	<b>57.592</b>
	<b>Total assets</b>	<b>105.955</b>	<b>64.354</b>

## Balance sheet

## EQUITY AND LIABILITIES

Note		31.12.17 DKK '000	31.12.16 DKK '000
6	Contributed capital	500	500
	Retained earnings	16.086	17.173
	<b>Total equity</b>	<b>16.586</b>	<b>17.673</b>
	Trade payables	1.950	726
	Payables to group enterprises	77.695	37.292
	Income taxes	1.830	1.787
	Other payables	7.894	6.876
	<b>Total short-term payables</b>	<b>89.369</b>	<b>46.681</b>
	<b>Total payables</b>	<b>89.369</b>	<b>46.681</b>
	<b>Total equity and liabilities</b>	<b>105.955</b>	<b>64.354</b>

8 Contingent liabilities

9 Related parties

## Statement of changes in equity

Figures in DKK '000	Share capital	Retained dividend for the earnings	Proposed financial year
Statement of changes in equity for 01.01.16 - 31.12.16			
Balance pr. 01.01.16	500	17.438	10.000
Dividend paid	0	0	-10.000
Net profit/loss for the year	0	-265	0
Balance as at 31.12.16	500	17.173	0
Statement of changes in equity for 01.01.17 - 31.12.17			
Balance as at 01.01.17	500	17.173	0
Net profit/loss for the year	0	-1.087	0
Balance as at 31.12.17	500	16.086	0

	2017 DKK '000	2016 DKK '000
<b>1. Staff costs</b>		
Wages and salaries	4.196	3.659
Pensions	427	371
Other social security costs	56	48
Other staff costs	63	30
Total	4.742	4.108
Average number of employees during the year	7	6

## 2. Financial expenses

Interest, group enterprises	2.263	1.086
Foreign currency translation adjustments	2	2
Other financial expenses	5	6
Other financial expenses total	7	8
Total	2.270	1.094

## 3. Distribution of net profit

Retained earnings	-1.087	-265
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**4. Intangible assets**

Figures in DKK '000

Acquired rights

Cost as at 01.01.17	13.795
Additions during the year	3.167
Disposals during the year	-734
Cost as at 31.12.17	16.228
Amortisation and impairment losses as at 01.01.17	-7.033
Amortisation during the year	-4.293
Reversal of amortisation of and impairment losses on disposed assets	734
Amortisation and impairment losses as at 31.12.17	-10.592
Carrying amount as at 31.12.17	5.636

**5. Prepayments**

Other prepayments	25	0
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**6. Share capital**

The share capital consists of:

500 shares, each with a nominal value of DKK 1.000	500	500.000
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No shares hold particular rights.

	31.12.17 DKK '000	31.12.16 DKK '000
<b>7. Deferred tax</b>		
Deferred tax as at 01.01.17	1.501	1.141
Deferred tax recognised in the income statement	348	360
Deferred tax as at 31.12.17	1.849	1.501

## 8. Contingent liabilities

### *Lease commitments*

The company has concluded lease agreements with terms to maturity of 23 months and average lease payments of DKK 7k, a total of DKK 160k.

### *Other contingent liabilities*

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 known tax liability for the jointly taxed companies is DKK 0 at the balance sheet date, of which DKK 0 is recognised in the balance sheet. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

## 9. Related parties

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 Paranova Group A/S.

## 10. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for medium-sized enterprises in reporting class C with application of provisions for a higher reporting class.

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.

### 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 and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

**10. Accounting policies - continued -****LEASES**

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

**INCOME STATEMENT****Gross profit**

Gross profit comprises revenue and raw materials and consumables and other external expenses.

**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.

**Costs of raw materials and consumables**

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables 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.

**Amortisation and impairment losses**

The amortisation of intangible assets aim at systematic amortisation over the expected useful lives of the assets. Assets are amortised according to the straight-line method based

**10. Accounting policies - continued -**

on the following expected useful lives and residual values:

	Useful life, year	Residual value, per cent
Acquired rights		0

The basis of amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of 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 are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

**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 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.

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.

**10. Accounting policies** - continued -**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 'Amortisation and impairment losses' section.

Gains and 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.

**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 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 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.

**Receivables**

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

**10. Accounting policies - continued -**

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.

**Prepayments**

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

**Cash****Equity****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 or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates 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 payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

**10. Accounting policies** - continued -**CASH FLOW STATEMENT**

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