

Azanta A/S
Gearhalsvej 1
DK-2500 Valby
Central Business Registration
No 28108915

Annual report 2019

The Annual General Meeting adopted the annual report on 12.05.2020

Chairman of the General Meeting

Name: Thomas Gjøl-Trønning

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Entity details

Entity

Azanta A/S
Gearhalsvej 1
DK-2500 Valby

Central Business Registration No: 28108915
Registered in: Valby
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

David Carl Christian von Kauffmann, Chairman
Per Gullestrup
Jens Munch-Hansen
Bo Jesper Hansen

Executive Board

Christian Gunni Pedersen, Managing Director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Azanta A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 20.03.2020

Executive Board

Christian Gunni Pedersen
Managing Director

Board of Directors

David Carl Christian von
Kauffmann
Chairman

Per Gullestrup

Jens Munch-Hansen

Bo Jesper Hansen

Independent auditor's report

To the shareholders of Azanta A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Azanta A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2018, and of the results of their operations for the financial year 01.01.2018 - 31.12.2018 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 the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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.

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

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity 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 the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity'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 the parent 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 Entity'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 the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Copenhagen, 20.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No: 33963556

Jens Sejer Pedersen
State Authorised Public Accountant
Identification number (MNE) mne14986

Management commentary

Primary activities

Azanta A/S ("Azanta") is a privately-owned specialty pharmaceutical company primarily operating within obstetrics, women's healthcare, addiction medicine and oncology.

Development in activities and finances

Revenue increased from DKK 43.7 million in 2018 to DKK 49.9 million in 2019. The growth was primarily driven by the satisfactory market-uptake of the Company's lead product, Angusta, in the Nordics and France.

In 2019 the Company generated a net loss of DKK 5.2 million compared with a net loss in 2018 of DKK 5.8 million. Considering the significant cost and expensed development activities related to the launch of Angusta® in France and in the Nordics the net result is viewed to be satisfactory.

As at 31st December the Company shareholder capital and equity reserves amounted to DKK 5.7 million. The Company's total balance as at 31st December 2019 was DKK 30.9 million. The Company's cash balance by the end of 2019 was DKK 13.2 million.

In 2020 the Company expect to experience continued increased market uptake of Angusta in the Nordics and France. Thus, after 2 years of having invested in launching Angusta in these two markets the Company expect to those two markets to be profitable in 2020 and beyond.

Based on the expected positive cash flow from operations and the Company's availability to additional funding, the management has prepared the consolidated financial statements for 2019 on the basis of going concern.

Development Projects

Angusta®

Angusta® is a 25 micrograms misoprostol tablet for oral administration developed for induction of labour. Angusta® has been available on a Named Patient Use Program under special authorization in Denmark, Norway and Finland since 2013. In Q1 2017, Angusta® was granted Marketing Authorization in the Nordic countries (Denmark, Sweden, Norway, Finland and Iceland).

In December 2017, Regulatory Authorization was granted for Angusta® in France and 10 countries in Central Eastern Europe (Latvia, Estonia, Poland, Romania, Bulgaria, Czech Republic, Slovakia, Hungary, Slovenia, Croatia) via a Mutual Recognition Procedure (MRP). Market Access Authorization in France was granted in April 2018.

Marketing approval of Angusta® in the other European countries will be pursued in 2020 and beyond.

Management commentary

Nimoral™

Nimoral™, a hypoxic radiosensitizer used in treatment of H&N cancer is in late stage development.

Nimoral™ is available on Name Patient Use Program in Denmark since 2011 and in Norway since 2015.

Outlook

In 2020, Azanta will continue the market launch of Angusta® in the Nordic countries and in France . The Company is also working on launching Angusta® Central Eastern Europe with a partner. With an increasing market take-up of Angusta®, the Company expects to continue the positive development.

Further, Azanta will in 2020 be working on finding the best partner(s) with whom to launch Angusta in the remaining EU countries.

The Board of Director and the Management would like to thank all the Azanta Group's employees, business partners and other stakeholders for a good and positive collaboration in 2019.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Revenue		49.941	43.673
Cost of sales		-8.000	-7.686
Other external expenses		-32.938	-28.621
Gross profit/loss		9.003	7.366
Staff costs	1	-14.057	-13.647
Depreciation, amortisation and impairment losses	2	-149	-146
Operating profit/loss		-5.203	-6.427
Other financial income	3	19	99
Other financial expenses	4	-1.776	-1.704
Profit/loss before tax		-6.960	-8.032
Tax on profit/loss for the year	5	1.757	2.219
Profit/loss for the year		-5.203	-5.813
Proposed distribution of profit/loss			
Retained earnings		-5.203	-5.813
		-5.203	-5.813

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Other fixtures and fittings, tools and equipment		943	1.092
Property, plant and equipment	6	943	1.092
Deposits		359	354
Fixed asset investments		359	354
Fixed assets		1.302	1.446
Manufactured goods and goods for resale		3.435	8.355
Prepayments for goods		896	0
Inventories		4.331	8.355
Trade receivables		8.738	8.821
Other receivables		550	497
Income tax receivable		1.885	2.497
Prepayments		887	693
Receivables		12.060	12.508
Other investments		31	31
Other investments		31	31
Cash		13.224	10.813
Current assets		29.646	31.707
Assets		30.948	33.153

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital		5.494	5.494
Retained earnings		215	5.380
Equity		5.709	10.874
Other payables		13.145	8.000
Non-current liabilities other than provisions	7	13.145	8.000
Trade payables		4.251	6.857
Income tax payable		158	0
Other payables		7.685	7.422
Current liabilities other than provisions		12.094	14.279
Liabilities other than provisions		25.239	22.279
Equity and liabilities		30.948	33.153
Unrecognised rental and lease commitments	8		
Subsidiaries	9		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	5.494	5.380	10.874
Exchange rate adjustments	0	38	38
Profit/loss for the year	0	-5.203	-5.203
Equity end of year	5.494	215	5.709

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
1. Staff costs		
Wages and salaries	11.817	11.727
Pension costs	1.513	1.607
Other social security costs	727	313
	14.057	13.647
Average number of employees	12	10
	2019 DKK'000	2018 DKK'000
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	149	146
	149	146
	2019 DKK'000	2018 DKK'000
3. Other financial income		
Interest income	19	99
	19	99
	2019 DKK'000	2018 DKK'000
4. Other financial expenses		
Interest expenses	1.776	1.704
	1.776	1.704
	2019 DKK'000	2018 DKK'000
5. Tax on profit/loss for the year		
Tax on current year taxable income	-1.757	-2.219
	-1.757	-2.219

Notes to consolidated financial statements

	Other fixtures and fittings, tools and equipment DKK'000
6. Property, plant and equipment	
Cost beginning of year	1.468
Cost end of year	1.468
Depreciation and impairment losses beginning of the year	-376
Depreciation for the year	-149
Depreciation and impairment losses end of the year	-525
Carrying amount end of year	943

7. Liabilities other than provisions

Other payables is due in April 2021.

8. Unrecognised rental and lease commitments

The Company has rent payments concerning a contract, which is interminable until 31 May 2023, amounting to DKK 2,835 thousand.

	Registered in	Corpo- rate form	Equity inte- rest %
9. Subsidiaries			
Azanta Danmark A/S	Valby, Danmark	A/S	100,0
Azanta AS	Oslo, Norway	AS	100,0
Azanta AB	Stockholm, Sweden	AB	100,0
Azanta Oy	Espoo, Finland	OY	100,0
Azanta France Sarl	Paris, France	Sarl	100,0

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Revenue		0	1.382
Cost of sales		-10	-1.114
Other external expenses		-8.056	-7.018
Gross profit/loss		-8.066	-6.750
Staff costs	1	-1.841	-2.536
Depreciation, amortisation and impairment losses		-145	-145
Operating profit/loss		-10.052	-9.431
Income from investments in group enterprises		6.820	4.912
Other financial expenses	2	-3.851	-3.548
Profit/loss before tax		-7.083	-8.067
Tax on profit/loss for the year	3	1.880	2.254
Profit/loss for the year		-5.203	-5.813
Proposed distribution of profit/loss			
Retained earnings		-5.203	-5.813
		-5.203	-5.813

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Other fixtures and fittings, tools and equipment		931	1.076
Property, plant and equipment	4	931	1.076
Investments in group enterprises		70.878	66.775
Deposits		359	354
Fixed asset investments	5	71.237	67.129
Fixed assets		72.168	68.205
Prepayments for goods		896	0
Inventories		896	0
Receivables from group enterprises		1.509	0
Other receivables		486	234
Income tax receivable		1.880	2.271
Prepayments		196	197
Receivables		4.071	2.702
Other investments		31	31
Other investments		31	31
Cash		871	618
Current assets		5.869	3.351
Assets		78.037	71.556

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital	6	5.494	5.494
Retained earnings		215	5.380
Equity		<u>5.709</u>	<u>10.874</u>
Payables to group enterprises		54.282	45.653
Other payables		13.145	8.000
Non-current liabilities other than provisions	7	<u>67.427</u>	<u>53.653</u>
Trade payables		2.246	1.997
Payables to group enterprises		647	1.670
Other payables		2.008	3.362
Current liabilities other than provisions		<u>4.901</u>	<u>7.029</u>
Liabilities other than provisions		<u>72.328</u>	<u>60.682</u>
Equity and liabilities		<u>78.037</u>	<u>71.556</u>
Unrecognised rental and lease commitments	8		
Contingent liabilities	9		
Mortgages and securities	10		

Parent statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	5.494	5.380	10.874
Exchange rate adjustments	0	38	38
Profit/loss for the year	0	-5.203	-5.203
Equity end of year	5.494	215	5.709

In 2012 and 2014, a total of 400,000 and 148,000 warrants respectively were issued to members of the Company's management. Each warrant confers a right to subscribe for 1 share at a subscription price of DKK 18.229 per nominal DKK 0.10 share in the Company. The warrants vest with one third on each of the first, second and third anniversary of the grant and can be exercised for five years after the vesting of each tranche.

In 2014, a total of 171,253 warrants were issued to Norgine Venture (the "Norgine Warrants"). Each warrant confers a right to subscribe for 1 share at a base subscription price of DKK 45.651 per nominal DKK 0.10 share in the Company. The warrants will be exercisable for 10 years from the grant date, in 2014. In the event that an investment round, where shares, warrants, convertible debentures or similar share instruments are subscribed for in the Company, occurs before these Norgine Warrants expire or are exercised, the base subscription price shall be adjusted. The adjustment shall be made in accordance with the rules described in the Company's Article of Association.

In 2015, a total of 6,000,050 warrants were issued to EEP Co-Investment Limited. Each warrant confers a right to subscribe for 1 share at a subscription price of DKK 1.075 per nominal DKK 0.10 share in the Company. The warrants will be exercisable up until 31 December 2030 or for 5 years after the first trading day following an Initial Public Offering ("IPO") if such an IPO occurs between 23 September 2019 and 23 September 2024.

In 2016, a total of 822,410 warrants were issued to CEO Hanne Damgaard Jensen. Each warrant confers a right to subscribe for 1 share at a subscription price of DKK 1.075 per nominal DKK 0.10 share in the Company. 20% of the warrants will be exercisable 5 April 2017 – 5 April 2027, 20% of the warrants will be exercisable 5 April 2018 – 5 April 2028, 30% of the warrants will be exercisable 5 April 2019 – 5 April 2029 and 30% of the warrants will be exercisable 5 April 2020 – 5 April 2030.

In 2017, a total of 683,607 warrants were issued to Board Member Bo Jesper Hansen. Each warrant confers a right to subscribe for 1 share at a subscription price of DKK 1.075 per nominal DKK 0.10 share in the Company. The warrants will be exercisable up until 31 December 2030 or for 5 years after the first trading day following an Initial Public Offering ("IPO") if such an IPO occurs between 23 September 2019 and 23 September 2024.

The detailed terms and conditions associated with the respective warrants above are contained in the Company's Articles of Association.

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
1. Staff costs		
Wages and salaries	1.682	2.100
Pension costs	112	386
Other social security costs	47	50
	1.841	2.536
Average number of employees	2	3
	2019 DKK'000	2018 DKK'000
2. Other financial expenses		
Financial expenses from group enterprises	2.163	2.452
Interest expenses	1.688	1.096
	3.851	3.548
	2019 DKK'000	2018 DKK'000
3. Tax on profit/loss for the year		
Tax on current year taxable income	-1.880	-2.254
	-1.880	-2.254
		Other fixtures and fittings, tools and equipment DKK'000
4. Property, plant and equipment		
Cost beginning of year		1.451
Cost end of year		1.451
Depreciation and impairment losses beginning of the year		-375
Depreciation for the year		-145
Depreciation and impairment losses end of the year		-520
Carrying amount end of year		931

Notes to parent financial statements

	Investments in group enterprises DKK'000	Deposits DKK'000
5. Fixed asset investments		
Cost beginning of year	76.729	354
Additions	0	5
Cost end of year	76.729	359
Impairment losses beginning of year	-9.954	0
Exchange rate adjustments	38	0
Share of profit/loss for the year	6.820	0
Dividend	-2.755	0
Impairment losses end of year	-5.851	0
Carrying amount end of year	70.878	359

Specifikation af kapitalandele i dattervirksomheder fremgår af noterne til koncernregnskabet.

	Number	Par value DKK'000	Nominal value DKK'000
6. Contributed capital			
Ordinary shares	54.935.183	0	5.494
	54.935.183		5.494

7. Liabilities other than provisions

Payables to group enterprises and other payables is due in April 2021 at the earliest.

8. Unrecognised rental and lease commitments

The Company has rent payments concerning a contract, which is interminable until 31 May 2023, amounting to DKK 2,835 thousand.

9. Contingent liabilities

The Entity serves as an administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

Notes to parent financial statements

10. Mortgages and securities

In a comfort letter dated 22 February 2020, Azanta A/S has confirmed its full financial support to the subsidiary, Azanta AB, Sweden.

In a comfort letter dated 22 February 2020, Azanta A/S has confirmed its full financial support to the subsidiary, Azanta Danmark A/S.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Accounting policies

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer.

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Accounting policies

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Other investments

Securities recognised under current assets comprise listed securities measured at fair value (market price) at the balance sheet date.

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

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

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.