

# ZPD A/S

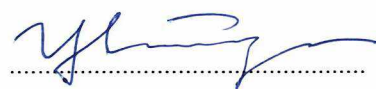
H E Bluhmes Vej 63, 6700 Esbjerg

CVR no. 32 83 48 25

## Annual report 2020

Approved at the Company's annual general meeting on 22 April 2021

Chair of the meeting:





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### Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of ZPD A/S for the financial year 1 January - 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Esbjerg, 22 April 2021  
Executive Board:

  
Frank Marek  
Ryu Nakao

Board of Directors:

  
Yoshihiro Hiraga  
Chair  
Frank Marek  
Mitsuru Iwai

## Independent auditor's report

To the shareholders of ZPD A/S

### Opinion

We have audited the financial statements of ZPD A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2020 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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 rules and requirements.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 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 as to 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 ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the 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 scepticism 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.



## Independent auditor's report

- ▶ 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 note 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.

### Statement on the Management's review

Management is responsible for the Management's review.

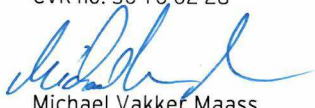
Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Kolding, 22 April 2021  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Michael Vakker Maass  
State Authorised Public Accountant  
mne32772



## Management's review

### Company details

Name	ZPD A/S
Address, Postal code, City	H E Bluhmes Vej 63, 6700 Esbjerg
CVR no.	32 83 48 25
Established	4 March 2010
Registered office	Esbjerg
Financial year	1 January - 31 December
Board of Directors	Yoshihiro Hiraga, Chairman Frank Marek Mitsuru Iwai
Executive Board	Frank Marek Ryu Nakao
Auditors	EY Godkendt Revisionspartnerselskab Trindholmsgade 4, 2. sal, 6000 Kolding, Denmark

## Management's review

### Financial highlights

DKK'000	2020	2019	2018	2017	2016
<b>Key figures</b>					
Gross profit	35,568	36,750	41,504	40,790	39,769
Operating profit/loss	8,658	10,236	14,544	14,688	14,264
Net financials	-1,078	-324	178	-355	-260
<b>Profit for the year</b>	<b>5,954</b>	<b>7,705</b>	<b>11,439</b>	<b>11,178</b>	<b>10,929</b>
Total assets	182,960	175,017	169,876	156,334	145,328
<b>Equity</b>	<b>171,203</b>	<b>165,249</b>	<b>157,544</b>	<b>146,105</b>	<b>134,926</b>
Amount relating to investments in property, plant and equipment	-4,627	-3,576	2,125	-2,137	-2,326
<b>Financial ratios</b>					
Current ratio	1,901.6%	2,293.1%	1,468.1%	1,579.9%	1,432.5%
Equity ratio	93.6%	94.4%	92.7%	93.5%	92.8%
Return on equity	3.5%	4.8%	7.5%	8.0%	8.4%
<b>Average number of employees</b>	<b>35</b>	<b>36</b>	<b>34</b>	<b>33</b>	<b>32</b>

## **Management's review**

### **Business review**

ZPD A/S produces mainly pharmaceutical and food grade products and sells them abroad.

### **Financial review**

The income statement for 2020 shows a profit of DKK 5,954 thousand against a profit of DKK 7,705 thousand last year, and the balance sheet at 31 December 2020 shows equity of DKK 171,203 thousand. In the annual report for 2019, Management expected a profit for 2020 on the same level as 2019. Management considers the Company's financial performance in the year satisfactory.

### **Knowledge resources**

One of the Company's most important resources is its employees. The continued development of the competences of the employees as well as professional challenges are therefore given high priority.

### **Financial risks and use of financial instruments**

The Company has no special risks apart from the risks that trading primarily with one large customer, the parent company, may lead to.

The Company's transactions in foreign currency are mainly in euro. Consequently, no significant risks related to transactions in foreign currency have been identified.

### **Impact on the external environment**

ZPD A/S is environmentally conscious and is continuously working to reduce the environmental effects from the operations of the company, including continuous efforts to reduce use of water in production.

### **Events after the balance sheet date**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

### **Outlook**

For the coming year, a profit on the same level as 2020 is expected.





## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2020	2019
	<b>Gross profit</b>	35,568	36,750
2	Staff costs	-23,707	-23,677
	Amortisation and depreciation	-3,149	-2,837
	Other operating expenses	-40	-23
	<b>Profit before net financials</b>	8,672	10,213
	Financial income	339	498
	Financial expenses	-1,417	-822
	<b>Profit before tax</b>	7,594	9,889
3	Tax for the year	-1,640	-2,184
	<b>Profit for the year</b>	5,954	7,705
	<b>Recommended appropriation of profit</b>		
	Retained earnings	5,954	7,705
		5,954	7,705

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2020	2019
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
4	<b>Intangible assets</b>		
	Acquired intangible assets	584	593
		584	593
5	<b>Property, plant and equipment</b>		
	Land and buildings	7,873	8,809
	Plant and machinery	7,431	5,954
	Other fixtures and fittings, tools and equipment	2,641	2,126
		17,945	16,889
	<b>Total fixed assets</b>	18,529	17,482
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	27,949	20,089
	Work in progress	5	0
	Finished goods and goods for resale	7,686	16,360
		35,640	36,449
	<b>Receivables</b>		
	Trade receivables	2,318	1,685
	Receivables from group entities	25,268	35,408
	Income taxes receivable	1,306	2,332
	Other receivables	1,012	1,371
	Prepayments	786	194
		30,690	40,990
	<b>Cash</b>	98,101	80,096
	<b>Total non-fixed assets</b>	164,431	157,535
	<b>TOTAL ASSETS</b>	182,960	175,017

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2020	2019
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
6	Share capital	1,000	1,000
	Retained earnings	170,203	164,249
	<b>Total equity</b>	<u>171,203</u>	<u>165,249</u>
	<b>Provisions</b>		
7	Deferred tax	3,110	2,413
	<b>Total provisions</b>	<u>3,110</u>	<u>2,413</u>
	<b>Liabilities other than provisions</b>		
	<b>Non-current liabilities other than provisions</b>		
	Other payables	0	485
		<u>0</u>	<u>485</u>
	<b>Current liabilities other than provisions</b>		
	Prepayments received from customers	751	0
	Trade payables	2,130	4,050
	Other payables	5,766	2,820
		<u>8,647</u>	<u>6,870</u>
	<b>Total liabilities other than provisions</b>	<u>8,647</u>	<u>7,355</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>182,960</u></u>	<u><u>175,017</u></u>

- 1 Accounting policies
- 8 Collateral
- 9 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2019	1,000	156,544	157,544
Transfer through appropriation of profit	0	7,705	7,705
<b>Equity at 1 January 2020</b>	<b>1,000</b>	<b>164,249</b>	<b>165,249</b>
Transfer through appropriation of profit	0	5,954	5,954
<b>Equity at 31 December 2020</b>	<b>1,000</b>	<b>170,203</b>	<b>171,203</b>

## Financial statements 1 January - 31 December

### Cash flow statement

Note	DKK'000	2020	2019
	Profit for the year	5,954	7,705
10	Adjustments	5,854	5,368
	Cash generated from operations (operating activities)	11,808	13,073
11	Changes in working capital	10,846	3,414
	Cash generated from operations (operating activities)	22,654	16,487
	Interest received, etc.	18	28
	Interest paid, etc.	-567	-320
	Income taxes paid/received, net	82	-2,768
	<b>Cash flows from operating activities</b>	<b>22,187</b>	<b>13,427</b>
	Additions of intangible assets	-167	-161
	Additions of property, plant and equipment	-4,627	-3,576
	Disposals of property, plant and equipment	612	73
	<b>Cash flows to investing activities</b>	<b>-4,182</b>	<b>-3,664</b>
	<b>Net cash flow</b>	<b>18,005</b>	<b>9,763</b>
	Cash and cash equivalents at 1 January	80,096	70,333
12	<b>Cash and cash equivalents at 31 December</b>	<b>98,101</b>	<b>80,096</b>



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of ZPD A/S has been presented in accordance with the provisions of the Danish Financial Statements Act as regards medium-sized reporting class C enterprises.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Basis of recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be reliably measured.

Liabilities are recognised in the balance sheet when an outflow of economic benefits is probable and when the value of the liability can be reliably measured.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual item.

Certain financial assets and liabilities are measured at amortised cost implying the recognition of a constant effective interest rate to maturity. Amortised cost is calculated as initial cost minus any principal repayments and plus or minus the cumulative amortisation of any difference between cost and nominal amount.

In recognising and measuring assets and liabilities, any gains, losses and risks occurring prior to the presentation of the annual report that evidence conditions existing at the balance sheet date are taken into account.

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost. Equally, costs incurred to generate the year's earnings are recognised, including depreciation, impairment losses and provisions as well as reversals as a result of changes in accounting estimates of amounts which were previously recognised in the income statement.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rate at the date of the transaction.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

### Income statement

#### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Income from the sale of goods for resale and finished goods is recognised in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

#### Gross profit

In accordance with the Danish Financial Statements Act section 32 revenue, other operating income, cost of raw materials and consumables and other external costs are aggregated in one line referred to as gross margin.

#### Other operating income and operating expenses

Other operating income comprises items secondary to the activities of the Company, including gains on disposal of intangible assets and property, plant and equipment.

#### Cost of sales

Cost of sales includes the expenses relating to raw materials and consumables used in generating the year's revenue.

#### Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

#### Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

#### Amortisation/depreciation

The item comprises amortisation of software and depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life.

Where individual components of an item of software or property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Buildings	10-50 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	4-10 years
Acquired intangible assets (software)	3-10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year comprises current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity. The tax expense recognised in the income statement relating to the extraordinary profit/loss for the year is allocated to this item where as the remaining tax expense is allocated to the profit/loss for the year from ordinary activities.

##### Balance sheet

##### Intangible assets

On initial recognition, intangible assets are measured at cost.

Software costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Gains or losses arising from the sale of items of intangible assets are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

Interest expense on loans to finance the production of property, plant and equipment which concerns the production period is included in cost. All other borrowing costs are recognised in the income statement.

Gains or losses arising from the sale of items of property, plant and equipment are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively. Gains and losses are calculated by reference to the difference between the selling price less selling expenses and the carrying amount at the time of sale.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

##### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by amortisation or depreciation.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Borrowing costs are not included in cost.

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable is used as discount rate.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

##### Equity

##### *Proposed dividends*

Dividends proposed for the financial year are presented as a separate item under 'Equity'.

##### Income taxes

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the taxation rules and taxation rates in the respective countries applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities within the same jurisdiction.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a setoff against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

##### Cash flow statement

The cash flow statement shows the Company's net cash flows broken down according to operating, investing and financing activities, the year's changes in cash and cash equivalents as well as the cash and cash equivalents at the beginning and the end of the year.

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

##### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2020	2019
<b>2 Staff costs</b>		
Wages/salaries	20,853	20,603
Pensions	1,471	1,360
Other social security costs	43	349
Other staff costs	1,340	1,365
	<u>23,707</u>	<u>23,677</u>
Average number of full-time employees	<u>35</u>	<u>36</u>
Total remuneration to Management: DKK 2,791 thousand (2019: DKK 2,912).		
<b>3 Tax for the year</b>		
Estimated tax charge for the year	971	1,668
Deferred tax adjustments in the year	670	516
Tax adjustments, prior years	-1	0
	<u>1,640</u>	<u>2,184</u>
<b>4 Intangible assets</b>		
DKK'000		<b>Acquired intangible assets</b>
Cost at 1 January 2020		1,442
Additions in the year		<u>167</u>
Cost at 31 December 2020		1,609
Impairment losses and amortisation at 1 January 2020		849
Amortisation/depreciation in the year		<u>176</u>
Impairment losses and amortisation at 31 December 2020		1,025
Carrying amount at 31 December 2020		<u>584</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 5 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 1 January 2020	24,659	42,609	5,436	72,704
Additions in the year	136	2,773	1,718	4,627
Disposals in the year	0	-2,506	-1,210	-3,716
Cost at 31 December 2020	<u>24,795</u>	<u>42,876</u>	<u>5,944</u>	<u>73,615</u>
Impairment losses and depreciation at 1 January 2020	15,850	36,655	3,310	55,815
Amortisation/depreciation in the year	1,072	1,292	610	2,974
Reversal of amortisation/depreciation and impairment of disposals	0	-2,502	-617	-3,119
Impairment losses and depreciation at 31 December 2020	<u>16,922</u>	<u>35,445</u>	<u>3,303</u>	<u>55,670</u>
<b>Carrying amount at 31 December 2020</b>	<u><u>7,873</u></u>	<u><u>7,431</u></u>	<u><u>2,641</u></u>	<u><u>17,945</u></u>

DKK'000	2020	2019
<b>6 Share capital</b>		
Analysis of the share capital:		
10,000 shares of DKK 100.00 nominal value each	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

The Company's share capital has remained DKK 1,000 thousand over the past 5 years.

#### 7 Deferred tax

Provision for deferred tax comprises deferred tax regarding inventories and acquired intangible assets as well as property, plant and equipment.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Collateral

The Company has issued an owner's mortgage of DKK 13,500 thousand secured upon the land and buildings. The mortgage is held by the Company.

The Company has not provided any security or other collateral in assets at 31 December 2020.

#### 9 Related parties

ZPD A/S' related parties comprise the following:

##### Parties exercising control

Related party	Domicile	Basis for control
Zeria Pharmaceutical Co. Ltd.	Japan	Participating interest

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Zeria Pharmaceutical Co. Ltd.	Japan	<a href="http://www.zeria.co.jp/english/ir/">http://www.zeria.co.jp/english/ir/</a>

##### Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

DKK'000	2020	2019
<b>10 Adjustments</b>		
Amortisation/depreciation and impairment losses	3,149	2,837
Gain/loss on the sale of non-current assets	-14	23
Financial income	-339	-498
Financial expenses	1,417	822
Tax for the year	1,641	2,184
	<u>5,854</u>	<u>5,368</u>
<b>11 Changes in working capital</b>		
Change in inventories	809	-1,005
Change in receivables	9,274	7,499
Change in trade and other payables	763	-3,080
	<u>10,846</u>	<u>3,414</u>
<b>12 Cash and cash equivalents at year-end</b>		
Cash according to the balance sheet	98,101	80,096
	<u>98,101</u>	<u>80,096</u>