
Tjellesen Max Jenne A/S

Ole Lippmanns Vej 2, DK-2630 Taastrup

Annual Report for 1 April 2022 - 31 March 2023

CVR No 79 09 18 12

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26/09 2023

Kasper Sandø Jensen
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Tjellesen Max Jenne A/S for the financial year 1 April 2022 - 31 March 2023.

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 at 31 March 2023 of the Company and of the results of the Company operations for 2022/23.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Høje Taastrup, 26 September 2023

Executive Board

Marianne Timm
CEO

Kristian Kjærsgaard
Executive Officer

Preben Møller Jørgensen
Executive Officer

José Pedro Gomes Pereira
Executive Officer

Board of Directors

Benny Dalgaard Loft
Chairman

Thomas Marstrand
Deputy Chairman

Per Toft Valstorp

Kristian la Cour

Independent Auditor's Report

To the Shareholder of Tjellesen Max Jenne A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 March 2023 and of the results of the Company's operations for the financial year 1 April 2022 - 31 March 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Tjellesen Max Jenne A/S for the financial year 1 April 2022 - 31 March 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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

Statement on 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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 misstate-

Independent Auditor's Report

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

Independent Auditor's Report

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.

Odense, 26 September 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mikael Johansen
State Authorised Public Accountant
mne23318

Claus Damhave
State Authorised Public Accountant
mne34166

Company Information

The Company

Tjellesen Max Jenne A/S
Ole Lippmanns Vej 2
DK-2630 Taastrup

CVR No: 79 09 18 12

Financial period: 1 April - 31 March

Municipality of reg. office: Høje Taastrup

Board of Directors

Benny Dalgaard Loft, Chairman
Thomas Marstrand
Per Toft Valstorp
Kristian la Cour

Executive Board

Marianne Timm
Kristian Kjærsgaard
Preben Møller Jørgensen
José Pedro Gomes Pereira

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Munkebjergvænget 1, 3. og 4. sal
DK-5230 Odense M

Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	4.238.587	3.790.849	3.672.315	3.738.418	3.425.629
Gross profit/loss	147.279	148.696	149.291	160.723	138.576
Profit/loss before financial income and expenses	10.957	17.650	26.097	48.321	34.205
Net financials	(6.874)	(732)	(824)	(3.439)	(4.314)
Net profit/loss for the year	3.204	13.360	19.857	34.397	22.705
Balance sheet					
Balance sheet total	1.400.498	1.629.354	1.628.927	1.622.621	1.311.899
Equity	470.007	739.803	726.443	706.586	672.189
Investment in property, plant and equipment	1.018	4.813	83.741	41.156	19.779
Number of employees	235	230	227	214	209
Ratios					
Gross margin	3,5 %	3,9 %	4,1 %	4,3 %	4,0 %
Profit margin	0,3 %	0,5 %	0,7 %	1,3 %	1,0 %
Solvency ratio	33,6 %	45,4 %	44,6 %	43,5 %	51,2 %
Return on equity	0,5 %	1,8 %	2,8 %	5,0 %	6,8 %

See the description under accounting policies.

Management's Review

Key activities

The primary activity of Tjellesen Max Jenne A/S (TMJ) is distribution of pharmaceuticals from wholesale warehouses in Taastrup and Vejle.

Development in the year

The income statement of the Company for 2022/23 shows a profit of TDKK 3,204, and at 31 March 2023 the balance sheet of the Company shows equity of TDKK 470,007.

The result is considered less satisfactory.

The past year and follow-up on development expectations from last year

The expectations expressed in the latest annual report were an improvement of the results. The costs have however been negatively influenced by the increasing inflation, in particular electricity and fuel for the distribution to our pharmacy customers and hospitals and due to one-time IT separation costs. Consequently, improvement of result was not met in 2022/23.

Operating risks

The most material operating risks faced by the Company relates to fluctuations in pharmaceutical prices. Additional risk lies in energy price developments, which plays a significant role in the Company's cost of transportation.

Credit risks

The Company allows credit to its customers and thereby assumes a debtor risk. This risk is only sensitive to the specific customer and each customer is handled case by case.

The Company's policy on debtor management includes minimization of such risks.

Targets and expectations for the year ahead

Revenue and net EBITDA for 2023/24 is expected to be above 2022/23 levels. Management expects a net EBIDTA in the range of DKK 43 - 45 million.

Research and development

The Company has no research activities.

Initiatives have been made to ensure continuous improvement of the Company's service of our customers and the profitability of the Operations.

Management's Review

External environment

The company is operating in a stable pharmacy market without high fluctuations. The total market is expected to grow due to the Danish demographics with an increasing elderly population.

Intellectual capital resources

The Company has launched several initiatives in sales, logistics and administration to streamline operations.

Statement of corporate social responsibility

Business model

The Company is a distributor of pharmaceuticals and a broad assortment of non-pharmaceuticals from logistic centres in Taastrup and Vejle.

The environment

Being a distributor of pharmaceuticals and a broad assortment of non-pharmaceuticals, transportation is a major part of our core business. And that has a negative effect on the environment, which is important for the Company to seek to reduce.

The Company is interested in observing the trend on how to work with climate and has the intention to continue doing that in the future. The Company has defined several different initiatives, which have been further developed in 2022/2023. All with the purpose of becoming more sustainable and limiting our impact on the environment. Furthermore, the Company's high-technological logistics center and HQ in Taastrup was built according to the latest and most eco-friendly standards (solar panels, high level of insulation, energy-efficient etc.).

In 2022/23 the Company has started an initiative relating to delivering pharmaceuticals using electric vehicle(s) in the Triangle Region in Denmark and are pursuing opportunities to include more routes to the initiative.

Social and employment relations

The Company values its employment relations, and human relations and work according to labour market agreements where appropriate and have established a works council and other social bodies governed by labour market agreements or law. Further, the Company has established policies on behaviour at work, smoking, health and further – being aware of the risk of work accidents and work-related stress.

The continued work with well-being and employee relations in 2022/23 shows a low sickness absence of 3,5%. The target for sickness absence is 3,0% for 2023/24.

Human rights

The Company primarily imports its products from other Western European countries where the risk of

Management's Review

violation of human right are limited. Whenever possible, the Company take this into consideration by including code of conduct addressing this when contracts are negotiated.

The Company respects and works to the best of its knowledge according to international codes for human rights. The Company drives a culture, which promotes and protects these values. In 2022/2023 no violation of human rights has been identified. And this work will continue for the future.

Anti-corruption and bribery

The Company primarily imports its products from other Western European countries in which the risk of corruption and bribery is considered to be minimal.

The Company distances itself from corruption and bribery. Consequently, the Company is careful around customer entertainment and other peers with whom to meet in this context. An Anti-Money Laundering and Terrorist Financing policy is established for customers in specific countries with background checks and identification of the end customers, including focus on where payments are received from, as well as the policy is not to receive cash as payments.

A whistle-blower scheme was introduced in 2022/23, and no examples of corruption or bribery have been identified in 2022/2023. The Company will continue to have focus on this area.

Data Ethics

The Company manages ordinary data such as customer data, supplier data and employee data. Data is treated according to rules of GDPR. The Company has a data policy which are included in the Information-security policy.

Conclusion of corporate social responsibility points

Overall, the Company believes that the result of the efforts in 2022/23 in the mentioned areas is to maintain a satisfactory level of the Company.

Statement on gender composition

Equal opportunities and focus on diversity are an integrated part of the Company's policy on employee well-being and working conditions.

Opportunities for career development must be available for everybody possessing skills and showing intention and shall in no way be restricted by the person's gender, nationality, age, sexual orientation and religion or other similar factors.

The Board of directors

The members of the Board of Directors are appointed by the shareholders of the Company at the general meeting. A new board was elected in 2022/23 and the Company has four board members. At the moment, none of the board members are female. The Company has a target to have one female and reaching a target of 25% within 2027.

Management's Review

As and when the Board of Directors nominates new candidates, the Board will include gender as a parameter. When appointing candidates to the Board of Directors of the Company, it is however important that the members hold professional qualifications relevant to the Company's activities. Finding the member with the right qualifications will always supersede gender.

Other management levels

The share of women in the Company's management team is currently approx. 43% (3 out of 7) and is considered satisfactory. However, the Company will be focused on the following areas to ensure equal gender representation in 2023/24:

- Where possible, inviting candidates of all genders, when recruiting for new management positions.
- Considering both female and male candidates for career and succession planning.

Both areas will be executed without compromising the qualifications needed to hold the positions in question.

Subsequent events

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

Income Statement 1 April - 31 March

	Note	2022/23	2021/22
		TDKK	TDKK
Revenue	1	4.238.587	3.790.849
Other operating income		4.032	19.355
Expenses for raw materials and consumables		(4.000.380)	(3.569.324)
Other external expenses		(94.960)	(92.184)
Gross profit/loss		147.279	148.696
Staff expenses	2	(122.228)	(116.164)
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		(14.094)	(14.882)
Profit/loss before financial income and expenses		10.957	17.650
Financial income	3	3.573	524
Financial expenses	4	(10.447)	(1.256)
Profit/loss before tax		4.083	16.918
Tax on profit/loss for the year	5	(879)	(3.558)
Net profit/loss for the year		3.204	13.360

Balance Sheet 31 March

Assets

	Note	2022/23 TDKK	2021/22 TDKK
Acquired licenses		4.140	4.251
Development projects in progress		3.665	0
Intangible assets	6	7.805	4.251
Land and buildings		40.468	43.843
Other fixtures and fittings, tools and equipment		48.418	54.596
Property, plant and equipment in progress		0	7.133
Property, plant and equipment	7	88.886	105.572
Fixed assets		96.691	109.823
Inventories		393.191	366.818
Trade receivables		764.880	856.486
Receivables from group enterprises		88.304	89.468
Other receivables		53	30.555
Prepayments	8	13.715	6.294
Receivables		866.952	982.803
Cash at bank and in hand		43.664	169.910
Currents assets		1.303.807	1.519.531
Assets		1.400.498	1.629.354

Balance Sheet 31 March

Liabilities and equity

	Note	2022/23 TDKK	2021/22 TDKK
Share capital		52.200	52.200
Retained earnings		417.807	687.603
Equity		470.007	739.803
Provision for deferred tax	10	4.834	4.552
Provisions		4.834	4.552
Credit institutions		107	0
Trade payables		807.724	816.437
Payables to group enterprises		54.902	33.368
Payables to group enterprises relating to corporation tax		634	3.124
Other payables		62.290	32.070
Short-term debt		925.657	884.999
Debt		925.657	884.999
Liabilities and equity		1.400.498	1.629.354
Distribution of profit	9		
Contingent assets, liabilities and other financial obligations	11		
Related parties	12		
Fee to auditors appointed at the general meeting	13		
Accounting Policies	14		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 April	52.200	687.603	739.803
Extraordinary dividend paid	0	(273.000)	(273.000)
Net profit/loss for the year	0	3.204	3.204
Equity at 31 March	52.200	417.807	470.007

Notes to the Financial Statements

	2022/23	2021/22
	TDKK	TDKK
1 Revenue		
Geographical segments		
Revenue, Denmark	4.086.346	3.683.865
Export sales, EU	20.463	20.609
Export sales, non-EU	131.778	86.375
	4.238.587	3.790.849
2 Staff expenses		
Wages and salaries	108.260	102.754
Pensions	9.292	8.799
Other social security expenses	2.539	2.355
Other staff expenses	2.137	2.256
	122.228	116.164
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	10.344	9.623
Board of Directors	400	400
	10.744	10.023
Average number of employees	235	230
3 Financial income		
Interest received from group enterprises	3.569	0
Other financial income	4	490
Exchange adjustments	0	34
	3.573	524

Notes to the Financial Statements

	2022/23	2021/22
	TDKK	TDKK
4 Financial expenses		
Interest paid to group enterprises	1.666	14
Other financial expenses	8.212	1.242
Exchange adjustments, expenses	569	0
	10.447	1.256
5 Tax on profit/loss for the year		
Current tax for the year	634	3.124
Deferred tax for the year	604	434
Adjustment of tax concerning previous years	(36)	0
Adjustment of deferred tax concerning previous years	(323)	0
	879	3.558
6 Intangible assets		
	Acquired licenses	Development projects in progress
	TDKK	TDKK
Cost at 1 April	78.805	0
Transfers for the year	2.647	3.665
Cost at 31 March	81.452	3.665
Impairment losses and amortisation at 1 April	74.554	0
Amortisation for the year	2.758	0
Impairment losses and amortisation at 31 March	77.312	0
Carrying amount at 31 March	4.140	3.665

Development projects relate primarily to the development of new versions of the Company's existing software products. Effective roll-out of these software products within the Company takes place on a continuous basis.

Notes to the Financial Statements

7 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK
Cost at 1 April	62.480	88.640	7.133
Additions for the year	0	408	610
Disposals for the year	0	(102)	0
Transfers for the year	0	1.431	(7.743)
Cost at 31 March	<u>62.480</u>	<u>90.377</u>	<u>0</u>
Impairment losses and depreciation at 1 April	18.636	34.044	0
Depreciation for the year	3.376	7.961	0
Impairment and depreciation of sold assets for the year	0	(46)	0
Impairment losses and depreciation at 31 March	<u>22.012</u>	<u>41.959</u>	<u>0</u>
Carrying amount at 31 March	<u>40.468</u>	<u>48.418</u>	<u>0</u>

8 Prepayments

Prepayments consist of prepaid expenses concerning licenses and rent.

	2022/23	2021/22
	TDKK	TDKK
9 Distribution of profit		
Extraordinary dividend paid	273.000	0
Retained earnings	-269.796	13.360
	<u>3.204</u>	<u>13.360</u>

10 Provision for deferred tax

Provision for deferred tax at 1 April	4.552	1.046
Amounts recognised in the income statement for the year	282	3.506
Provision for deferred tax at 31 March	<u>4.834</u>	<u>4.552</u>

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	TDKK	TDKK
11 Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	2.230	2.341
Between 1 and 5 years	1.977	3.730
After 5 years	<u>0</u>	<u>115</u>
	<u>4.207</u>	<u>6.186</u>
Liabilities under rental agreements until maturity in total	62.557	67.881

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of TMJ Investment A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

12 Related parties

	<u>Basis</u>
Controlling interest	
TMJ Investment A/S Jægersborg Alle 4,5 2920 Charlottenlund	Ultimate Parent
TMJ MidCo ApS Ole Lippmanns Vej 2 2630 Taastrup	Parent Company

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There have been no such transactions during the financial year.

Consolidated Financial Statements

The company is included in the Group Annual Report for the parent company

<u>Name</u>	<u>Place of registered office</u>
TMJ Investment A/S	Charlottenlund

13 Fee to auditors appointed at the general meeting

Information of fee to auditors appointed at the general meeting is given in the Group Annual Report for TMJ Investment A/S, cf. ÅRL § 96 stk. 3.

Notes to the Financial Statements

14 Accounting Policies

The Annual Report of Tjellesen Max Jenne A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022/23 are presented in TDKK.

Correction of comparative figures

In connection with the preparation of the annual report for 2022/23, Management has become aware of presentation misstatements in the comparative figures. Therefore, Management has decided to correct the comparative figures, where the following have been corrected.

Revenue has been corrected with TDKK -118,276, however Gross Profit and Net Profit for the year is unchanged.

Inventories have been corrected by TDKK -39,430 and Receivables have been corrected by TDKK -138,190. Thereby, Total Assets are corrected with a total amount of TDKK -177,620.

The Equity is not effected by the correction, but Short-Term Liabilities are corrected by TDKK -177,620. Thereby, Total Liabilities and Equity is corrected by TDKK -177,620.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of TMJ Investment A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as

Notes to the Financial Statements

14 Accounting Policies (continued)

described for each item below.

Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Geographical segments are regarded as the primary segments as the Company only has one business segment.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

14 Accounting Policies (continued)

Other external expenses

Other external expenses comprise expenses relating to the Entity's ordinary activities, including expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish Group Enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3 years.

Development costs and costs relating to rights developed by the Company are measured at the lower of cost less accumulated amortisation and recoverable amount. Development costs is amortised on a

Notes to the Financial Statements

14 Accounting Policies (continued)

straight-line basis over its useful life, which is assessed at 3 - 5 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	10-50 years
Other fixtures and fittings, tools and equipment	4-7 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Notes to the Financial Statements

14 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

14 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$