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EVIDENSIA DYREHOSPITAL

A/S

Enggårdsvej 2

4700 Næstved

Business Registration No

28855591

Annual report

01.10.2017 -

30.09.2018

The Annual General Meeting adopted the annual report on 31.03.2019

Chairman of the General Meeting

Name: Ulla Pless

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Entity details

Entity

EVIDENSIA DYREHOSPITAL A/S
Enggårdsvvej 2
4700 Næstved

Central Business Registration No (CVR): 28855591

Registered in: Næstved

Financial year: 01.10.2017 - 30.09.2018

Phone: +45 55 77 14 77

Website: www.evidensia.dk

E-mail: naestved@evidensia.dk

Board of Directors

David Robert Geoffrey Hillier, Chairman

Ulla Pless

Amanda Jane Davis

Executive Board

Ulla Pless, CEO

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 EVIDENSIA DYREHOSPITAL A/S for the financial year 01.10.2017 - 30.09.2018.

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 30.09.2018 and of the results of its operations for the financial year 01.10.2017 - 30.09.2018.

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.

Næstved, 31.03.2019

Executive Board

Ulla Pless
CEO

Board of Directors

David Robert Geoffrey Hillier
Chairman

Ulla Pless

Amanda Jane Davis

Independent auditor's report

To the shareholder of EVIDENSIA DYREHOSPITAL A/S

Opinion

We have audited the financial statements of EVIDENSIA DYREHOSPITAL A/S for the financial year 01.10.2017 - 30.09.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 30.09.2018 and of the results of its operations for the financial year 01.10.2017 - 30.09.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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 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 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 financial statements unless Management either intends to liquidate the Entity 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:

Independent auditor's report

- 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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.

Independent auditor's report

Based on the work we have performed, we conclude that the management commentary 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 of the management commentary.

Emphasis af matter regarding other issues

Without qualifying our opinion, we inform you that the financial statements are filed late. Consequently the board of directors can be held liable.

Copenhagen, 31.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Flemming Larsen
State Authorised Public Accountant
Identification No (MNE) mne27790

Management commentary

	2017/18	2017	2016	2015	2014
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Financial highlights					
Key figures					
Gross profit	66,897	51,009	65,464	43,155	20,258
Operating profit/loss	(4,500)	4,143	6,461	4,187	2,987
Net financials	(4,727)	(2,639)	(3,156)	(2,510)	(88)
Profit/loss for the year	(9,227)	1,504	2,696	1,305	2,201
Total assets	140,345	134,714	138,799	126,997	29,040
Investments in property, plant and equipment	3,233	1,954	2,482	0	0
Equity	22,074	31,301	34,554	24,524	23,219
Ratios					
Return on equity (%)	(34.6)	13.1	9.1	5.5	9.5
Equity ratio (%)	15.7	23.2	24.9	19.3	80.0

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The purpose of the company is the operation of veterinary practice from animal hospitals and animal clinics in Denmark.

Development in activities and finances

The company's result shows a deficit of DKK 9,228 thousand compared to a profit of DKK 1,504 thousand in 2017 (1 January 2017 to 30 September 2017 - 9 months). The company's balance sheet 30.09.2018 reports an equity of DKK 22,074 thousand. In connection with preparation of the 2017/2018 financial statements, management has revaluated the goodwill. Consequently goodwill is now amortized over 10 years (previously 20 years). The change is incorporated retroactively and the comparative figures are restated. This has impacted the equity beginning of the year with DKK 8,153 thousand. The net book value of goodwill reduced by 11,458 thousand and deferred tax liabilities reduced by 3,305 thousand.

The company's earnings and financial position are considered unsatisfactory.

Intellectual capital resources

The company invests continuously in the training of employees in all relevant subject areas in order to develop the employees' competencies and to be able to maintain and attract skilled employees

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.

Income statement for 2017/18

	<u>Notes</u>	<u>2017/18 DKK</u>	<u>2017 DKK'000</u>
Gross profit		66,897,264	51,009
Staff costs	1	(48,385,993)	(36,544)
Depreciation, amortisation and impairment losses		(15,135,257)	(10,078)
Other operating expenses		<u>(7,876,306)</u>	<u>(244)</u>
Operating profit/loss		(4,500,292)	4,143
Other financial income	2	31,180	554
Other financial expenses	3	<u>(4,758,227)</u>	<u>(3,193)</u>
Profit/loss before tax		(9,227,339)	1,504
Tax on profit/loss for the year	4	<u>0</u>	<u>0</u>
Profit/loss for the year	5	<u>(9,227,339)</u>	<u>1,504</u>

Balance sheet at 30.09.2018

	<u>Notes</u>	<u>2017/18 DKK</u>	<u>2017 DKK'000</u>
Goodwill		62,952,658	64,524
Intangible assets	6	62,952,658	64,524
Land and buildings		21,641,700	22,571
Other fixtures and fittings, tools and equipment		4,932,128	6,286
Leasehold improvements		284,264	372
Property, plant and equipment	7	26,858,092	29,229
Fixed assets		89,810,750	93,753
Raw materials and consumables		3,888,198	4,079
Inventories		3,888,198	4,079
Trade receivables		1,520,399	2,880
Receivables from group enterprises		20,480,579	10,137
Other receivables		421,529	911
Prepayments	8	868,034	684
Receivables		23,290,541	14,612
Other investments		0	34
Other investments		0	34
Cash		23,355,451	22,236
Current assets		50,534,190	40,961
Assets		140,344,940	134,714

Balance sheet at 30.09.2018

	<u>Notes</u>	<u>2017/18 DKK</u>	<u>2017 DKK'000</u>
Contributed capital		652,000	652
Retained earnings		<u>21,421,832</u>	<u>30,649</u>
Equity		<u>22,073,832</u>	<u>31,301</u>
Payables to group enterprises	9	<u>93,000,001</u>	<u>93,001</u>
Non-current liabilities other than provisions		<u>93,000,001</u>	<u>93,001</u>
Trade payables		870,932	2,401
Payables to group enterprises		17,832,769	2,115
Other payables		<u>6,567,406</u>	<u>5,896</u>
Current liabilities other than provisions		<u>25,271,107</u>	<u>10,412</u>
Liabilities other than provisions		<u>118,271,108</u>	<u>103,413</u>
Equity and liabilities		<u>140,344,940</u>	<u>134,714</u>
Unrecognised rental and lease commitments	10		
Contingent liabilities	11		
Related parties with controlling interest	12		
Group relations	13		

Statement of changes in equity for 2017/18

	Contributed capital DKK	Retained earnings DKK	Total DKK
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	652,000	30,649,171	31,301,171
Profit/loss for the year	<u>0</u>	<u>(9,227,339)</u>	<u>(9,227,339)</u>
Equity end of year	<u>652,000</u>	<u>21,421,832</u>	<u>22,073,832</u>

Notes

	2017/18	2017
	DKK	DKK'000
1. Staff costs		
Wages and salaries	43,410,640	32,095
Pension costs	4,276,361	3,396
Other social security costs	669,840	1,043
Other staff costs	29,152	10
	48,385,993	36,544
Average number of employees	115	114
	2017/18	2017
	DKK	DKK'000
2. Other financial income		
Financial income arising from group enterprises	31,180	357
Other interest income	0	163
Other financial income	0	34
	31,180	554
	2017/18	2017
	DKK	DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	4,286,314	2,195
Other interest expenses	452,352	997
Exchange rate adjustments	19,561	1
	4,758,227	3,193
	2017/18	2017
	DKK	DKK'000
4. Tax on profit/loss for the year		
Current tax	0	(1,382)
Change in deferred tax	0	1,382
	0	0

Notes

	2017/18	2017	
	DKK	DKK'000	
5. Proposed distribution of profit/loss			
Retained earnings	(9,227,339)	1,504	
	(9,227,339)	1,504	
		Goodwill	
		DKK	
6. Intangible assets			
Cost beginning of year		89,717,576	
Addition through business combinations etc		7,985,588	
Cost end of year		97,703,164	
Amortisation and impairment losses beginning of year		(25,194,332)	
Amortisation for the year		(9,556,174)	
Amortisation and impairment losses end of year		(34,750,506)	
Carrying amount end of year		62,952,658	
	Land and	Other	
	buildings	fixtures and	
	DKK	fittings,	
		tools and	
		equipment	
		Leasehold	
		improve-	
		ments	
		DKK	
7. Property, plant and equipment			
Cost beginning of year	24,860,717	19,367,174	997,431
Additions	0	3,232,873	0
Disposals	0	(22,026)	0
Cost end of year	24,860,717	22,578,021	997,431
Depreciation and impairment losses beginning of year	(2,290,364)	(13,081,328)	(625,103)
Depreciation for the year	(928,653)	(4,562,365)	(88,064)
Reversal regarding disposals	0	(2,200)	0
Depreciation and impairment losses end of year	(3,219,017)	(17,645,893)	(713,167)
Carrying amount end of year	21,641,700	4,932,128	284,264

Notes

8. Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

9. Long-term debt to group enterprises

The debt to Evidensia Djursjukvård AB is due at the written request of the Swedish parent company. Such a request assumes that Evidensia Dyrehospital A / S has sufficient cash flow to pay, this. An agreement has been reached, that no debt must be redeemed in the coming year.

	2017/18	2017
	DKK	DKK'000
10. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	<u>46,443,377</u>	<u>51,961</u>

11. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Evidensia Danmark ApS serves as the administration company. 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 dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

12. Related parties with controlling interest

The Company is a fully owned subsidiary of:

Evidensia Danmark ApS

13. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
IVC Acquisition Midco Limited (UK), Station House East, Ashley Avenue, Bath, BA1 3DS

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

With the exception of the below the accounting policies applied to these financial statements are consistent with those applied last year.

In connection with preparation of the 2017/2018 financial statements, management has revaluated the goodwill. Consequently goodwill is now amortized over 10 years (previously 20 years). The change is incorporated retroactively and the comparative figures are restated. This has impacted the equity beginning of the year with DKK 8,153 thousand. The net book value of goodwill reduced by 11,458 thousand and deferred tax liabilities reduced by 3,305 thousand.

Income statement

Gross profit or loss

With reference to the Danish financial statement presentation act §32 management has decided not to disclose revenue. Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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 writedowns 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.

Accounting policies

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

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 or exchange 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 or exchange 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.

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

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation period used is 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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:

Accounting policies

Buildings	25 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

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.

Prepayments

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

Other investments

Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date, and unlisted investments measured at the lower of cost and net realisable value.

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.

Cash flow statement

Reference is made to §86, 4 the Danish financial statements presentation Act.