

EVIDENSIA DYREHOSPITAL A/S
ENGGÅRDSVEJ 2, 4700 NÆSTVED
ANNUAL REPORT
1 OCTOBER 2021 - 30 SEPTEMBER 2022

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 28 February 2023**

Russell Patrick Trenter

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 28 85 55 91

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COMPANY DETAILS

| | |
|---------------------------|--|
| Company | Evidensia Dyrehospital A/S Enggårdsvej 2 4700 Næstved |
| | CVR No.: 28 85 55 91 Established: 1 January 2005 Municipality: Næstved Financial Year: 1 October 2021 - 30 September 2022 |
| Board of Directors | Russell Patrick Trenter, chairman Ulla Pless Mark Andrew Gillings |
| Executive Board | Ulla Pless |
| Auditor | Deloitte Statsautoriseret Revisionspartnerselskab Postboks 1600 Weidekampsgade 6 0900 Copenhagen |

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Evidensia Dyrehospital A/S for the financial year 1 October 2021 - 30 September 2022.

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 Company's assets, liabilities and financial position at 30 September 2022 and of the results of the Company's operations for the financial year 1 October 2021 - 30 September 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Næstved, 28 February 2023

Executive Board

Ulla Pless

Board of Directors

Russell Patrick Trenter
Chairman

Ulla Pless

Mark Andrew Gillings

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 1 October 2021 - 30 September 2022, which comprise income statement, Balance Sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 30 September 2022 and of the results of the Company's operations for the financial year 1 October 2021 - 30 September 2022 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 are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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 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 Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover 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 Management Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management Commentary.

Copenhagen, 28 February 2023

Deloitte Statsautoriseret Revisionspartnerselskab
Postboks 1600
CVR no. 33 96 35 56

Flemming Larsen
State Authorised Public Accountant
MNE no. mne27790

Ulrik Winkler Jakobsen
State Authorised Public Accountant
MNE no. mne47242

FINANCIAL HIGHLIGHTS

| | 2021/22 DKK '000 | 2020/21 DKK '000 | 2019/20 DKK '000 | 2018/19 DKK '000 | 2017/18 DKK '000 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Income statement | | | | | |
| Gross profit..... | 77.186 | 80.941 | 72.972 | 72.214 | 59.021 |
| Operating profit/loss of main activities... | 2.346 | 12.185 | -1.240 | 3.562 | -4.500 |
| Financial income and expenses, net..... | 2.090 | 689 | -5.562 | -10.343 | -4.727 |
| Profit/loss for the year..... | 3.453 | 9.110 | -6.801 | -4.774 | -9.227 |
| Balance sheet | | | | | |
| Total assets..... | 123.044 | 127.093 | 119.955 | 115.993 | 140.345 |
| Equity..... | 110.165 | 106.712 | 97.602 | -21.283 | 22.074 |
| Investment in property, plant and equipment..... | -2.844 | -2.450 | -1.448 | -6.116 | -3.233 |
| Key ratios | | | | | |
| Equity ratio..... | 89,5 | 84,0 | 81,4 | Neg. | 15,7 |
| Return on equity..... | 3,2 | 8,9 | -17,8 | -1.205,6 | -34,6 |

The ratios stated in the list of key figures and ratios have been calculated as follows:

Equity ratio:
$$\frac{\text{Equity, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$$

Return on equity:
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

MANAGEMENT COMMENTARY

Principal activities

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

Development in activities and financial and economic position

The company's result shows a profit of DKK 3.453 thousand compared to a profit of DKK 9.110 thousand in 2021. The company's balance sheet 30.09.2022 reports an equity of DKK 110.165 thousand. The company's earnings and financial position are as expected. The Year before was mainly driven by high activity because of the pandemic where we had an extraordinary growth, whereas this Year looks more like what we expect from a normal activity for our current business.

Profit/loss for the year compared to the expected development

The year has been as expected, even the activity was not as strong as previous Year. We continue to create long-term value by investing in our staff, practices and state-of-the art equipment to deliver exceptional veterinary care and sustainable organic growth.

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 meet the need for advanced treatment as well as attract and maintain skilled employees.

Environmental situation

We constantly focus on sustainability for the entire IVC Evidensia Group, including for Denmark and all Danish hospitals and clinics. We focus on 3 areas, Caring for People, Caring for Planet and Caring for Patients.

Caring for people:

- Protect and promote the health and well-being of our teams.
- Offer the highest standards of client care and communication.
- Create welcoming, diverse and inclusive workplaces.
- Empower clinics to contribute to their local communities.
- Ensure human rights are respected across our value chain.

Caring for planet:

- Transition our company towards net-zero climate impact.
- Minimise our waste footprint through optimal management.
- Train all clinicians on applied sustainability in veterinary care.
- Evolve industry-leading sustainable procurement practices.
- Practise leading standards of chemical and pharma management.

Caring for patients:

- Deliver the highest possible standards of care quality and safety.
- Promote and innovate integrated animal health solutions.
- Continually grow our clinical knowledge and skills.
- Continually share knowledge, incidents and best practice.
- Collaborate with peers to innovate best practice on Antimicrobial Resistance.

Expectation for the coming Year

As for the coming Year, we expect our activity to perform in line with the Danish Vet market development. An approximate profit at 2,0 - 5,0 mio DKK.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

INCOME STATEMENT 1 OCTOBER - 30 SEPTEMBER

| | Note | 2021/22 DKK | 2020/21 DKK |
|---|------|-------------------|-------------------|
| GROSS PROFIT | | 77.185.572 | 80.940.738 |
| Staff costs..... | 1 | -56.577.203 | -50.860.516 |
| Depreciation, amortisation and impairment losses..... | | -18.261.966 | -17.894.865 |
| OPERATING PROFIT | | 2.346.403 | 12.185.357 |
| Other financial income..... | 2 | 2.424.163 | 1.010.720 |
| Other financial expenses..... | 3 | -334.006 | -321.728 |
| PROFIT BEFORE TAX | | 4.436.560 | 12.874.349 |
| Tax on profit/loss for the year..... | 4 | -983.205 | -3.763.929 |
| PROFIT FOR THE YEAR | 5 | 3.453.355 | 9.110.420 |

BALANCE SHEET AT 30 SEPTEMBER

| ASSETS | Note | 2022 DKK | 2021 DKK |
|--|----------|--------------------|--------------------|
| Goodwill..... | | 16.141.563 | 31.304.385 |
| Intangible assets..... | 6 | 16.141.563 | 31.304.385 |
| Land and buildings..... | | 20.029.658 | 20.432.681 |
| Other plant, machinery, tools and equipment..... | | 6.230.781 | 6.171.228 |
| Leasehold improvements..... | | 90.080 | 91.978 |
| Property, plant and equipment..... | 7 | 26.350.519 | 26.695.887 |
| Rent deposit and other receivables..... | | 149.663 | 149.663 |
| Financial non-current assets..... | 8 | 149.663 | 149.663 |
| NON-CURRENT ASSETS..... | | 42.641.745 | 58.149.935 |
| Finished goods and goods for resale..... | | 4.974.033 | 4.546.123 |
| Inventories..... | | 4.974.033 | 4.546.123 |
| Trade receivables..... | | 855.907 | 948.054 |
| Receivables from group enterprises..... | | 52.800.308 | 49.747.160 |
| Other receivables..... | | 1.787.708 | 273.142 |
| Prepayments and accrued income..... | 9 | 700.915 | 803.194 |
| Receivables..... | | 56.144.838 | 51.771.550 |
| Cash and cash equivalents..... | | 19.283.285 | 12.625.766 |
| CURRENT ASSETS..... | | 80.402.156 | 68.943.439 |
| ASSETS..... | | 123.043.901 | 127.093.374 |

BALANCE SHEET AT 30 SEPTEMBER

| EQUITY AND LIABILITIES | Note | 2022 DKK | 2021 DKK |
|-------------------------------------|--------|--------------------|--------------------|
| Share capital..... | 10 | 652.000 | 652.000 |
| Retained profit..... | | 109.513.404 | 106.060.049 |
| EQUITY..... | | 110.165.404 | 106.712.049 |
| Provision for deferred tax..... | 11 | 3.350.178 | 3.183.899 |
| PROVISIONS..... | | 3.350.178 | 3.183.899 |
| Lease liabilities..... | | 0 | 581.061 |
| Non-current liabilities..... | 12 | 0 | 581.061 |
| Lease liabilities..... | | 581.061 | 501.831 |
| Trade payables..... | | 2.736.205 | 5.120.555 |
| Payables to group enterprises..... | | 668.395 | 622.271 |
| Corporation tax..... | | 1.396.956 | 580.030 |
| Other liabilities..... | | 3.977.341 | 9.623.317 |
| Accruals and deferred income..... | | 168.361 | 168.361 |
| Current liabilities..... | | 9.528.319 | 16.616.365 |
| LIABILITIES..... | | 9.528.319 | 17.197.426 |
| EQUITY AND LIABILITIES..... | | 123.043.901 | 127.093.374 |
| Contingencies etc. | 13 | | |
| Charges and securities | 14 | | |
| Related parties | 15 | | |
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EQUITY

| | Share capital | Retained profit | Total |
|---|---------------|-----------------|-------------|
| Equity at 1 October 2021..... | 652.000 | 106.060.049 | 106.712.049 |
| Proposed profit allocation, Note 5..... | | 3.453.355 | 3.453.355 |
| Equity at 30 September 2022..... | 652.000 | 109.513.404 | 110.165.404 |

NOTES

| | 2021/22 DKK | 2020/21 DKK | Note |
|---|-------------------|--------------------|----------|
| Staff costs | | | 1 |
| Average number of employees | 130 | 122 | |
| Wages and salaries..... | 44.525.070 | 39.435.884 | |
| Pensions..... | 3.609.741 | 3.327.400 | |
| Social security costs..... | 578.993 | 613.430 | |
| Other staff costs..... | 7.863.399 | 7.483.802 | |
| | 56.577.203 | 50.860.516 | |
| Information on management remuneration is omitted in accordance with the exemption provision in the Danish Financial Statements Act § 98 b, stk. 3 nr. 2. | | | |
| Other financial income | | | 2 |
| Group enterprises..... | 2.424.163 | 1.005.084 | |
| Other interest income..... | 0 | 5.636 | |
| | 2.424.163 | 1.010.720 | |
| Other financial expenses | | | 3 |
| Other interest expenses..... | 334.006 | 321.728 | |
| | 334.006 | 321.728 | |
| Tax on profit/loss for the year | | | 4 |
| Calculated tax on taxable income of the year..... | 816.926 | 580.030 | |
| Adjustment of deferred tax..... | 166.279 | 3.183.899 | |
| | 983.205 | 3.763.929 | |
| Proposed distribution of loss | | | 5 |
| Retained earnings..... | 3.453.355 | 9.110.420 | |
| | 3.453.355 | 9.110.420 | |
| Intangible assets | | | 6 |
| | | Goodwill | |
| Cost at 1 October 2021..... | | 112.717.148 | |
| Cost at 30 September 2022..... | | 112.717.148 | |
| Amortisation at 1 October 2021..... | | 81.412.763 | |
| Amortisation for the year..... | | 15.162.822 | |
| Amortisation at 30 September 2022..... | | 96.575.585 | |
| Carrying amount at 30 September 2022..... | | 16.141.563 | |

NOTES

| | | | | Note |
|---|-----------------------|---|---------------------------------------|-----------|
| Property, plant and equipment | | | | 7 |
| | Land and buildings | Other plant, machinery, tools and equipment | Leasehold improvements | |
| Cost at 1 October 2021 | 24.860.717 | 30.466.050 | 1.016.396 | |
| Additions..... | 0 | 2.843.544 | 0 | |
| Disposals..... | 0 | -431.731 | 0 | |
| Cost at 30 September 2022..... | 24.860.717 | 32.877.863 | 1.016.396 | |
| Depreciation and impairment losses at 1 October 2021..... | 4.428.036 | 24.294.822 | 924.419 | |
| Reversal of depreciation of assets disposed of.. | 0 | -341.966 | 0 | |
| Depreciation for the year | 403.023 | 2.694.226 | 1.897 | |
| Depreciation and impairment losses at 30 September 2022..... | 4.831.059 | 26.647.082 | 926.316 | |
| Carrying amount at 30 September 2022..... | 20.029.658 | 6.230.781 | 90.080 | |
| Finance lease assets..... | | 784.574 | | |
| Financial non-current assets | | | | 8 |
| | | | Rent deposit and other receivables | |
| Cost at 1 October 2021 | | | 149.663 | |
| Cost at 30 September 2022..... | | | 149.663 | |
| Carrying amount at 30 September 2022..... | | | 149.663 | |
| Prepayments | | | | 9 |
| Prepayments..... | | 700.915 | 803.194 | |
| | | 700.915 | 803.194 | |
| Prepayments comprise incurred costs relating to subsequent financial years. | | | | |
| Share capital | | | | 10 |
| Allocation of share capital: | | | | |
| Shares, 100 unit in the denomination of 6.520 DKK..... | | 652.000 | 652.000 | |
| | | 652.000 | 652.000 | |

NOTES

Provision for deferred tax **Note 11**

| | | |
|--|-------------------|-------------------|
| Provision for deferred tax comprises deferred tax on below | | |
| Goodwill..... | -3.055.013 | -6.139.783 |
| Land and Buildings..... | -661.726 | -549.382 |
| Plant and Machinery..... | 383.057 | 355.190 |
| Leasehold improvements..... | -16.496 | -12.189 |
| Loss brought forward..... | 0 | 3.162.265 |
| | -3.350.178 | -3.183.899 |
| Deferred tax, beginning of year..... | 3.183.899 | 0 |
| Deferred tax of the year, income statement..... | 166.279 | 3.183.899 |
| Provision for deferred tax 30 September 2022..... | 3.350.178 | 3.183.899 |

Long-term liabilities **12**

| | 30/9 2022 total liabilities | Repayment next year | Debt outstanding after 5 years | 30/9 2021 total liabilities |
|------------------------|--------------------------------|------------------------|--------------------------------------|--------------------------------|
| Lease liabilities..... | 581.061 | 581.061 | 0 | 1.082.892 |
| | 581.061 | 581.061 | 0 | 1.082.892 |

Contingencies etc. **13**

Contingent liabilities

Furthermore the company have a rent obligation which amounts to DKK 40.927.059 as of 30th september 2022.

Charges and securities

As a security for the First Card credit cards the company have issued a security of DKK 200,000. **14**

NOTES

Note

Related parties

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The Company is a fully owned subsidiary of:

Evidensia Djursjukvård AB - Östhammarsgatan 74, 115 28, Stockholm, Sweden, Immediate holding company

Evidensia Djursjukvård Holding AB - Östhammarsgatan 74, 115 28, Stockholm, Sweden, Intermediate company

Evidensia Acquisition AB - Östhammarsgatan 74, 115 28, Stockholm, Sweden, Intermediate company

Evidensia Holding AB - Östhammarsgatan 74, 115 28, Stockholm, Sweden, Intermediate company

IVC Acquisition Ltd - The Chocolate Factory, Keynsham, Bristol, BS31 2AU United Kingdom, Intermediate company

IVC Acquisition Midco Ltd - The Chocolate Factory, Keynsham, Bristol, BS31 2AU United Kingdom, Intermediate company

IVC Acquisition Pikco Ltd - The Chocolate Factory, Keynsham, Bristol, BS31 2AU United Kingdom, Intermediate company

IVC Acquisition Topco Ltd - PO Box 119, Martello Court, Admiral Park, St. Peter Port, GY1 3HB, Guernsey, Intermediate company

IVC New TopHolding SA - 51A Boulevard Royal, L-2449, Luxembourg, Intermediate company

Islay New Group Holding SA - 51A Boulevard Royal, L-2449, Luxembourg, Ultimate holding company,

Consolidated Financial Statements

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The company is a part of the consolidated financial statement of IVC Acquisition Midco Limited (UK), Station House East, Ashley Avenue, Bath, BA1 3DS.

ACCOUNTING POLICIES

The Annual Report of Evidensia Dyrehospital A/S for 2021/22 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium-size enterprises.

The Annual Report is prepared consistently with the accounting principles applied last year.

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, other operating income, cost of raw materials and consumables and external expenses.

Net revenue

Net revenue from sale of goods for resale is recognised in the income statement when delivery is made and risk has passed the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to buyer. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale and is measured at fair value of the consideration fixed.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of finished goods.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement during the continuance of the contract. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from debt and transactions in foreign currency as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

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

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

| | Useful life | Residual value |
|--|-------------|----------------|
| Buildings..... | 25 years | 0 % |
| Other plant, fixtures and equipment..... | 5 years | 0 % |
| Leasehold improvements..... | 10 years | 0 % |

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Lease contracts

Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets

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

Financial non-current assets

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of finished goods is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment losses to meet expected losses.

Prepayments

Prepayments recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

ACCOUNTING POLICIES

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

The capitalised residual lease liability on finance lease contracts is also recognised as financial liabilities.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.