

## **Jørgen Kruise A/S**

Havretoften 4  
5550 Langeskov  
CVR No. 35243216

### **Annual report 2022**

The Annual General Meeting adopted the  
annual report on 30.06.2023

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**Mads Bonne Alkærsig**  
Conductor

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# Entity details

## Entity

Jørgen Kruuse A/S

Havretoften 4

5550 Langeskov

Business Registration No.: 35243216

Registered office: Kerteminde

Financial year: 01.01.2022 - 31.12.2022

Phone number: +45 72 14 15 11

URL: [www.kruuse.com](http://www.kruuse.com)

E-mail: [info@kruuse.com](mailto:info@kruuse.com)

## Board of Directors

Graham Michael Rhodes, Chairman

Tino Bendix

Gitte Rene Uhrenholt

## Executive Board

Tino Bendix

Mads Bonne Alkærsig

## Bank

Nordea Bank Danmark A/S

Vestre Stationsvej 7

5000 Odense C

Bank Mendes Gans

Herengracht 619

1017 CE Amsterdam, Holland

## Auditors

BDO Statsautoriseret Revisionsaktieselskab

Fælledvej 1

5000 Odense C

CVR No.: 20222670

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Jørgen Kruuse A/S for the financial year 01.01.2022 - 31.12.2022.

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 Entity's financial position at 31.12.2022 and of the results of its operations and cash flows for the financial year 01.01.2022 - 31.12.2022.

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.

Langeskov, 30.06.2023

## Executive Board

**Tino Bendix**

**Mads Bonne Alkærsig**

## Board of Directors

**Graham Michael Rhodes**  
Chairman

**Tino Bendix**

**Gitte Rene Uhrenholt**

# Independent auditor's report

## To the shareholders of Jørgen Kruuse A/S

### Opinion

We have audited the financial statements of Jørgen Kruuse A/S for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement 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 31.12.2022 and of the results of its operations and cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 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.

### 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:

- 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.

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.

Odense, 30.06.2023

**BDO Statsautoriseret Revisionsaktieselskab**

CVR No. 20222670

**Jesper Bechsgaard Jørgensen**

State Authorised Public Accountant

Identification No (MNE) mne31412

# Management commentary

## Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	512,499	617,608	530,476	519,312	537,223
Gross profit/loss	154,460	208,458	177,031	137,938	125,874
Operating profit/loss	30,650	91,585	62,712	25,869	13,016
Net financials	739	197	680	8,866	-589
Profit/loss for the year	38,545	91,281	63,857	35,379	12,841
Total assets	376,557	457,219	438,408	549,140	341,552
Equity	249,305	289,632	287,933	225,689	184,495
Investments in property, plant and equipment	2,150	3,213	1,939	3,490	1,575
Average number of employees	172	175	176	178	162
<b>Ratios</b>					
Gross margin (%)	30.14	33.75	33.37	26.56	23.43
EBIT margin (%)	5.98	14.83	11.82	4.98	2.42
Solvency ratio (%)	66.21	63.19	65.68	40.95	54.02
Return on equity (%)	14.30	32.01	24.87	17.25	7.20
Revenue per employee	2,980	3,529	3,014	2,917	3,316
Index for net revenue	95.40	114.96	98.74	96.67	100.00

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



**Gross margin (%):**

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

**EBIT margin (%):**

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

**Solvency ratio (%):**

$\frac{\text{Equity, end of period} * 100}{\text{Total assets, end of period}}$

**Return on equity (%):**

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

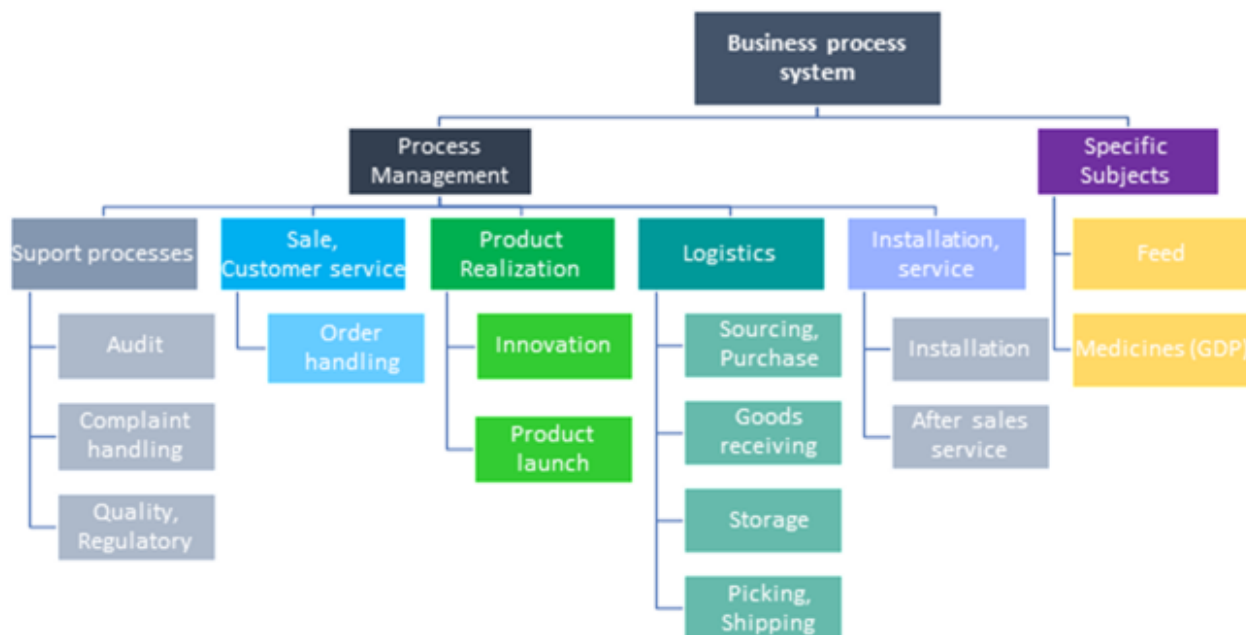
**Revenue per employee:**

$\frac{\text{Revenue}}{\text{Average number of employees}}$

**Primary activities**

The company's main activities comprise production and sale of veterinary articles. The company is a leading provider of solutions to the veterinary industry, and it has its own companies in Denmark, Sweden, Norway, United Kingdom, Poland, and China. The rest of the world is serviced through selected veterinary distributors in over 100 countries.

*The company's business model*



**Development in activities and finances**

The company's income statement shows a profit before tax of DKK 45.48 m, a decrease of DKK 65.83 m / 59.14% against 2021. The balance sheet on 31 December 2022 shows an equity amount of DKK 249.31 m and a balance sheet total of DKK 376.56 m. During the year, the Swedish company Next2vet AB, has been acquired to increase the market share on the Swedish market. For more information see section "Profit/loss for the year in relation to expected developments".

**Particular risks**

The company's most significant operating risk is attached to the ability to be strongly positioned in the markets where its products are sold and to currently ensure high service and quality at competitive prices. The goal is to maintain a strong market position, ensure high service quality and competitive prices. In order to strengthen the

continued strong market position, service, quality and competitive prices processes are in place in all areas to proactively prevent and minimize risks.

Policies are in place to ensure existing and potential material risks that could impact the achievement of strategic objectives are identified, managed or mitigated.

#### *Foreign exchange risks:*

The company's revenue and earnings are related to the development for SEK, NOK, GBP, and USD. No speculative foreign currency positions are made. To avoid unnecessary currency risk, all bank accounts are exchanged to local currency every month.

Exchange adjustments of investments in subsidiary enterprises, which are independent entities, are recognized directly in the equity. Related exchange risks are generally not hedged because it is the company's opinion that a current hedging of such long-term investments will not be optimal from an overall risk and cost viewpoint.

#### *Interest rate risk:*

The short-term debt is subject to a variable interest rate. Changes in interest rates will therefore influence earnings.

### **Profit/loss for the year in relation to expected developments**

Outlook and expectations for 2022 were not met mainly due to three reasons. First, the extraordinary sales in 2021 relating to Covid-19 products (PPE) normalized during 2022. Secondly the Ukraine and Russian conflict that caused increased energy prices, economic instability and high inflation which also resulted in a significant decline in the global veterinary industry from mid-2022. Thirdly, the company has faced supply chain challenges due to delays and increased costs, especially regarding container freight in-bound as well as out-bound. All have impacted the company's profit margins negatively.

Because of the above-mentioned challenges the company had to make some organizational restructuring in the second half of the year resulting in a one of cost, mostly related to staff cost.

### **Outlook**

While short-term effect of a softening veterinary industry caused a setback for 2022 the long-term prospects remain positive for the company and the animal health industry.

With the organizational adjustments made in 2022 and a global market trending towards a recovery the Management expects the company will improve the results before tax in 2023 significantly compared to 2022. Profit before tax is expected to reach between DKK 70 m – 80 m.

### **Environmental performance**

The company is continuously working on minimizing adverse environmental conditions. This is ensured by continuously carrying out measures in the environmental area, including an agreement on energy reduction at the location in Langeskov with an external supplier.

In addition, an agreement has been entered into regarding products with batteries so that these are reused and recycled.

Actions has been taking to conserve energy. Heating has been set to a minimum to ensure low cost and a low carbon footprint. Electricity costs have been heavily reduced due to replacement to new LED lights throughout the headquarter facilities.

Travel has also been reduced significantly and restricted to necessary only for most of the year resulting in a low carbon footprint. Video conferencing equipment allows colleagues, customers, and vendors to connect without the need of physical travel.

### **Research and development activities**

The Group's headquarters are situated in Langeskov, Denmark, and the development activities are primarily controlled and performed there. Development activities includes small projects in the form of new products.

### **Statutory report on corporate social responsibility**

The company has a historical tradition for assuming corporate social responsibility within areas in which the company believes it can contribute. For this purpose, the company has focus on several potential CSR risks in relation to our activities. We will in the following describe the CSR risks in more detail and how we manage those risks through our policies and actions in relation to employees, human rights, environment and climate, and anti-corruption. The company has been a member of SEDEX since 2020 to secure responsibility, sustainability, protect workers and to source ethically. We do not currently have a formal written CSR policy. This is due to continued focus on handling of Covid-19 and increasing focus on adapting into our owner's organization and strategy. The aim is to focus on and implement a formal written CSR policy in 2023. We have policies within corruption, ethics & compliance and the company has a strong focus on diversity and inclusion in the form of targeted training.

### **Employees**

We assess that most significant risk relating to employees could be work-related accidents and an impairment of the work environment, including impact on the employees' motivation and health. Failure to manage those risks may lead to damage on employees, our ability to attract the right employees, and our general reputation as a business. To mitigate those risks, the company has focus on work-life balance. For this purpose, the company has drawn up a stress and job satisfaction policy and set up a job satisfaction committee. As part of the company's health policy, it offers regular health checks and smoking cessation courses, a healthy canteen scheme, which is evaluated regularly. The company's goal is to maintain absence due to sickness at continued low level.

The company's work environment organization has increased focus on analyzing "near-miss-accidents" and has taken steps to changes which may help the prevention of work-related accidents. The company has also decided to expand the internal work environment organization to ensure a greater breadth, focusing on several different work areas within the company. The greater breadth means that several work environment projects can be worked at the same time. No serious work-related accidents happened in the most recent financial year (4 work related accidents has been reported in 2022). It is the company's goal that work-related accidents should not happen.

We assess that our activities in 2022 have contributed positively to maintain good conditions for our employees. Focus on employee related social responsibilities continue to be of big importance for the company. The work towards this responsibility is expected to remain at this level or even increase in the future.

### **Human rights**

We assess that the most significant risk in relation to human rights might be that suppliers violate internationally accepted principles on human rights or work environment provisions, including the use of child- or forced labor.

Failure to manage this risk may result in adverse publicity and criticism as well as interruption of deliveries to our operation. The company's focus on ensuring maintenance of corporate social responsibility, including human rights and work environment conditions, is primarily aimed at the company's foreign suppliers of which a major share is in Asia.

The company integrates the consideration for corporate social responsibility by making demands on the suppliers, both existing and new suppliers. The work of maintaining demands on the suppliers is made by current screening of our existing supplier base, and audit of selected suppliers where we will deselect suppliers who do not meet our demands for corporate social responsibility.

It is the company's intention to ensure that the suppliers, who constitute the highest risks, and the suppliers, who have the highest engagement in their agreement with us, comply fully with the codex we have defined. This codex requires that the suppliers fulfill social responsibility and ensures that they comply with local work environment provisions, decent pay and work conditions for their employees and do not use child or forced labor, etc. The same applies to sub-suppliers aim at ensuring a healthy and safe work environment for their employees to prevent accidents or health implications.

Our ongoing evaluation of suppliers in 2022 did not result in any comments in this respect. Moreover, we are not aware of any violations of human rights in the company in 2022. Focus on human rights continue to be of big importance for the company. The work towards this responsibility is expected to remain at this level or even increase in the future.

#### ***Impact on environment and climate***

We assess that the most important risk in relation to environment and climate could be that material used for manufacture of our products could have a negative impact on environment and climate. As we cooperate with several sub-suppliers, we have focus on the fact that risks may occur at the supplier. The risk could be that an unnecessary amount of plastic or chemicals is used for manufacture of/input to a product and in the wrapping/packaging of our products. We assess also that our transport and disposal of products may lead to a risk of a negative impact on the environment, which must be dealt with.

The company is environmentally conscious, and initiatives are taken currently to improve the impact on the environment of the company's production and distribution until disposal. Recently Jørgen Kruuse A/S launched the new Buster Green Ocean Collar made of plastic from old, recycled fishing nets. The objective for this new product is to create a better environment for marine wildlife but also to reduce plastic waste that would otherwise be sent to landfill, burnt, or lost at sea.

According to the company's codex, relevant sub-suppliers must currently aim to reduce over-packaging, increase re-use of packaging, avoid pre-packing containing PVC or other types of chlorinated plastic materials and be updated on legislation on prepacking and the related waste management. This requires also that deliveries, where possible, are made in the form of joint shipments to promote efficient, fuel saving transport and use of approved particle filters to reduce particle pollution in general and especially in major cities.

As regards chemical waste products, the suppliers must currently ensure updating of the range of products to offer alternative products, which will reduce the environmental impact and the health of the users.

We assess that our efforts in 2022 have contributed positively to improve the impact on the environment and the climate of our activities. Focus on environment and climate continue to be of big importance for the company. The work towards this responsibility is expected to remain at this level or even increase in the future.

**Anti-corruption and bribery**

We assess that the most important risk in relation to corruption and bribery is that our employees or distributors use gifts, payments, or other means to, unjustified, influence customers or stakeholders or vice versa that can cause inappropriate business decisions or gain an unfair advantage. This may have an impact on our reputation and possibilities of building confidence with a large number of our stakeholders. We work actively on discouraging any form of corruption and bribery in connection with our activities. We are not aware of any violations relating to corruption or bribery in 2022.

Policies are in place to prevent corruption and bribery. The policy includes not offering or accepting anything of value in exchange for improper business advantages among others. Annual training assessments and internal controls are in place to mitigate the risk.

Focus on anti-corruption and bribery continue to be of big importance for the company. The work towards this responsibility is expected to remain at this level or even increase in the future.

**Statutory report on the underrepresented gender**

The company is working on increasing the share of the underrepresented gender in the top Management because diversity is considered a strength.

The goal for 2022 was that at least 33% of the board of directors were female. This target was not achieved because new members of the board, who were elected based on the competences and insights set up, were men.

The company has an objective that at least 33% of members of the board elected at the group's Annual General Meeting must be female in 2023. To fulfill this objective, the goal is to continuously hire female members of the board with the desired competences when the opportunity arises and continue to focus on the importance of diversity in this area. We find it an ambitious goal to achieve 33% and will attempt to meet it.

Gender balance at the end of 2022

- Board of directors: 0% female and 100% males (From May 2023: 33% females and 67% males)
- Other management levels: 41% females and 59% males

The gender balance of other management levels is equally distributed which is why there are no target figures or policies to promote the underrepresented gender.

**Statutory report on data ethics policy**

The company stores data for customers, vendors and employees. The data is kept fulfilling legal obligations and data retention requirements.

The company is subject to data ethic policies from the ultimate parent company CVET Topco, L.P. The company therefore adheres to the following privacy values:

- The company does not sell or share personally identifiable customer data (PII) with third parties without consent.
- The company strives to build a digital ecosystem that improves animal healthcare and respects privacy.
- The company considers personal data to be confidential and we treat it that way.
- The company takes measures to anonymize personal data and restrict access to it whenever possible.

**Events after the balance sheet date**

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

financial position.

# Income statement for 2022

	Notes	2022 DKK'000	2021 DKK '000
Revenue	3	512,499	617,608
Other operating income	4	11,900	11,713
Cost of sales		(281,623)	(358,906)
Other external expenses	5	(88,316)	(60,120)
<b>Gross profit/loss</b>		<b>154,460</b>	<b>210,295</b>
Staff costs	6	(117,803)	(110,604)
Depreciation, amortisation and impairment losses		(6,007)	(8,105)
<b>Operating profit/loss</b>		<b>30,650</b>	<b>91,586</b>
Income from investments in group enterprises		14,087	19,527
Other financial income	7	3,081	1,285
Other financial expenses	8	(2,342)	(1,088)
<b>Profit/loss before tax</b>		<b>45,476</b>	<b>111,310</b>
Tax on profit/loss for the year	9	(6,931)	(20,029)
<b>Profit/loss for the year</b>	10	<b>38,545</b>	<b>91,281</b>



# Balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	12	589	496
Acquired rights		5,340	8,534
Development projects in progress	12	33	465
<b>Intangible assets</b>	11	<b>5,962</b>	<b>9,495</b>
Other fixtures and fittings, tools and equipment		6,326	6,346
<b>Property, plant and equipment</b>	13	<b>6,326</b>	<b>6,346</b>
Investments in group enterprises		106,366	81,324
<b>Financial assets</b>	14	<b>106,366</b>	<b>81,324</b>
<b>Fixed assets</b>		<b>118,654</b>	<b>97,165</b>
Manufactured goods and goods for resale		148,354	157,850
Prepayments for goods		2,750	1,679
<b>Inventories</b>		<b>151,104</b>	<b>159,529</b>
Trade receivables		42,327	41,896
Receivables from group enterprises		23,638	21,503
Deferred tax	15	1,705	0
Other receivables		5,036	3,778
Prepayments	16	2,909	3,666
<b>Receivables</b>		<b>75,615</b>	<b>70,843</b>
<b>Cash</b>		<b>31,184</b>	<b>129,678</b>
<b>Current assets</b>		<b>257,903</b>	<b>360,050</b>
<b>Assets</b>		<b>376,557</b>	<b>457,215</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Contributed capital		1,000	1,000
Reserve for net revaluation according to the equity method		30,506	41,670
Reserve for development expenditure		484	749
Retained earnings		210,315	171,213
Proposed dividend		7,000	75,000
<b>Equity</b>		<b>249,305</b>	<b>289,632</b>
Deferred tax	15	0	960
Other provisions	17	4,345	4,675
<b>Provisions</b>		<b>4,345</b>	<b>5,635</b>
Other payables		6,908	7,034
<b>Non-current liabilities other than provisions</b>	18	<b>6,908</b>	<b>7,034</b>
Bank loans		0	1,175
Trade payables		32,744	41,502
Payables to group enterprises		47,083	59,026
Tax payable		9,591	19,810
Other payables		26,581	33,401
<b>Current liabilities other than provisions</b>		<b>115,999</b>	<b>154,914</b>
<b>Liabilities other than provisions</b>		<b>122,907</b>	<b>161,948</b>
<b>Equity and liabilities</b>		<b>376,557</b>	<b>457,215</b>
Unusual circumstances	1		
Events after the balance sheet date	2		
Contingent liabilities	20		
Assets charged and collateral	21		
Related parties with controlling interest	22		
Group relations	23		

# Statement of changes in equity for 2022

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	1,000	41,670	749	171,213	75,000
Ordinary dividend paid	0	0	0	0	(75,000)
Exchange rate adjustments	0	(4,565)	0	0	0
Other entries on equity	0	1,370	0	(677)	0
Dividends from group enterprises	0	(22,056)	0	22,056	0
Transfer to reserves	0	0	(265)	265	0
Profit/loss for the year	0	14,087	0	17,458	7,000
<b>Equity end of year</b>	<b>1,000</b>	<b>30,506</b>	<b>484</b>	<b>210,315</b>	<b>7,000</b>

	Total DKK'000
Equity beginning of year	289,632
Ordinary dividend paid	(75,000)
Exchange rate adjustments	(4,565)
Other entries on equity	693
Dividends from group enterprises	0
Transfer to reserves	0
Profit/loss for the year	38,545
<b>Equity end of year</b>	<b>249,305</b>

The share capital has not been changed in the past 5 years.

The share capital consists of 1,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

# Cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		30,650	91,586
Amortisation, depreciation and impairment losses		6,007	8,104
Other provisions		(330)	0
Working capital changes	19	(22,293)	(52,472)
Other adjustments		(723)	116
<b>Cash flow from ordinary operating activities</b>		<b>13,311</b>	<b>47,334</b>
Financial income received		3,081	1,285
Financial expenses paid		(2,342)	(1,088)
Taxes refunded/(paid)		(19,815)	(15,052)
<b>Cash flows from operating activities</b>		<b>(5,765)</b>	<b>32,479</b>
Acquisition etc of intangible assets		(304)	(183)
Acquisition of fixed asset investments		(2,150)	(3,213)
Sale of fixed asset investments		46	0
Acquisition of enterprises		(36,206)	0
Dividends received		22,056	10,000
<b>Cash flows from investing activities</b>		<b>(16,558)</b>	<b>6,604</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(22,323)</b>	<b>39,083</b>
Dividend paid		(75,000)	(92,000)
<b>Cash flows from financing activities</b>		<b>(75,000)</b>	<b>(92,000)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>(97,323)</b>	<b>(52,917)</b>
Cash and cash equivalents beginning of year		128,507	181,424
<b>Cash and cash equivalents end of year</b>		<b>31,184</b>	<b>128,507</b>
Cash and cash equivalents at year-end are composed of:			
Cash		31,184	129,678
Short-term debt to banks		0	(1,175)
<b>Cash and cash equivalents end of year</b>		<b>31,184</b>	<b>128,503</b>

# Notes

## 1 Unusual circumstances

The company has made some organizational restructuring in the second half of the year resulting in a one of cost. The cost is distributed as follows: Staff cost DKK'000 14,775, other external expenses DKK'000 1,576 assuming a total of DKK'000 16,351.

## 2 Events after the balance sheet date

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

## 3 Revenue

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Denmark	131,509	124,580
Europe, Middle East and Africa	261,452	363,984
Asia-Pacific	37,479	39,182
Americas	82,059	89,862
<b>Total revenue by geographical market</b>	<b>512,499</b>	<b>617,608</b>

## 4 Other operating income

Other operating income consist primarily of received management fee from subsidiaries.

## 5 Fees to the auditor appointed by the Annual General Meeting

According to section 96, subsection 3 of the Danish Financial Statements Act audit fee is reported in the consolidated financial statements of the parent company.

## 6 Staff costs

	<b>2022</b>	<b>2021</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Wages and salaries	98,211	91,414
Pension costs	15,563	14,986
Other social security costs	1,058	682
Other staff costs	2,971	3,522
	<b>117,803</b>	<b>110,604</b>
Average number of full-time employees	172	175

	<b>Remuneration of Management 2022 DKK'000</b>	<b>Remuneration of Management 2021 DKK'000</b>
Executive Board	6,898	6,272
	<b>6,898</b>	<b>6,272</b>

### Special incentive programmes

Incentive programs for executive management and senior executives include restricted stock based compensation in the ultimate parent company. The options entitle the holder to receive an equivalent number of shares in the ultimate parent company under certain conditions, including achievement of agreed targets within a period of 3 to 4 years from the date of issue. A restricted stock gives the holder the right to receive the shares free of charge subject to continued employment. The cost of the programme is amortized over the vesting period for a total of DKK'000 5,545 in 2022 (2021: DKK'000 1,341). The cost has significantly increased in 2022 as the vesting period has accelerated due to the sale of the ultimate parent company.

As a result of external challenges mentioned in management commentary, staff costs for restructuring for a total of DKK 14.78 m were incurred in the year.

### 7 Other financial income

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Financial income from group enterprises	2,903	1,285
Other interest income	178	0
	<b>3,081</b>	<b>1,285</b>

### 8 Other financial expenses

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Financial expenses from group enterprises	764	821
Other financial expenses	1,578	267
	<b>2,342</b>	<b>1,088</b>

### 9 Tax on profit/loss for the year

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Current tax	9,591	19,810
Change in deferred tax	(2,665)	241
Adjustment concerning previous years	5	(22)
	<b>6,931</b>	<b>20,029</b>

## 10 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Ordinary dividend for the financial year	7,000	75,000
Retained earnings	31,545	16,281
	<b>38,545</b>	<b>91,281</b>

## 11 Intangible assets

	Completed development projects DKK'000	Acquired rights DKK'000	Development projects in progress DKK'000
Cost beginning of year	551	16,980	465
Transfers	165	0	(165)
Additions	0	202	102
Disposals	0	0	(369)
<b>Cost end of year</b>	<b>716</b>	<b>17,182</b>	<b>33</b>
Amortisation and impairment losses beginning of year	(55)	(8,446)	0
Amortisation for the year	(72)	(3,396)	0
<b>Amortisation and impairment losses end of year</b>	<b>(127)</b>	<b>(11,842)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>589</b>	<b>5,340</b>	<b>33</b>

## 12 Development projects

Development costs consists of projects in progress of new/unique products with expected market launch in 2023 ('000 DKK 33). Market research shows a demand for the these specific unique products. It also consists of completed development projects that have been launched to markets in 2022 ('000 DKK 589).

## 13 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	65,376
Additions	2,150
Disposals	(1,538)
<b>Cost end of year</b>	<b>65,988</b>
Depreciation and impairment losses beginning of year	(59,030)
Depreciation for the year	(2,170)
Reversal regarding disposals	1,538
<b>Depreciation and impairment losses end of year</b>	<b>(59,662)</b>
<b>Carrying amount end of year</b>	<b>6,326</b>

## 14 Financial assets

	<b>Investments in group enterprises DKK'000</b>
Cost beginning of year	39,655
Additions	36,206
<b>Cost end of year</b>	<b>75,861</b>
Revaluations beginning of year	55,269
Exchange rate adjustments	(4,565)
Share of profit/loss for the year	15,705
Adjustment of intra-group profits	(1,618)
Dividend	(22,056)
Impairment losses for the year	676
Other adjustments	694
<b>Revaluations end of year</b>	<b>44,105</b>
Impairment losses beginning of year	(13,600)
<b>Impairment losses end of year</b>	<b>(13,600)</b>
<b>Carrying amount end of year</b>	<b>106,366</b>

<b>Investments in subsidiaries</b>	<b>Equity interest %</b>	<b>Equity DKK'000</b>	<b>Profit/loss DKK'000</b>
Kruuse Svenska AB, Huddinge, Sweden	100.00	42,709	1,563
Next2Vet AB, Ystad, Sweden	100.00	10,497	4,077
Kruuse Norge AS, Drøbak, Norway	100.00	7,350	1,347
Kruuse UK Ltd., Sheffield, UK	100.00	11,354	1,410
Kruuse Polska SP z o.o., Srem, Poland	100.00	(20,644)	(1,073)
Kruuse Hong Kong Ltd., Hong Kong	100.00	13,582	5,056
Kruuse Shanghai, Co. Ltd., China	100.00	9,974	1,828
E-Vet A/S, Haderslev, Denmark	100.00	31,080	5,198

## 15 Deferred tax

	<b>2022 DKK'000</b>	<b>2021 DKK'000</b>
Intangible assets	(1,311)	(2,089)
Property, plant and equipment	669	587
Inventories	44	45
Provisions	2,943	1,179
Other taxable temporary differences	(640)	(682)
<b>Deferred tax</b>	<b>1,705</b>	<b>(960)</b>



	2022	2021
	DKK'000	DKK'000
<b>Changes during the year</b>		
Beginning of year	(960)	(719)
Recognised in the income statement	2,665	(241)
<b>End of year</b>	<b>1,705</b>	<b>(960)</b>

### Deferred tax assets

The tax asset is primarily attributable to differences on tangible fixed assets and provisions. The tax asset is recognised on the basis of the expectations to the positive tax profits for the next couple of years, and the tax asset is then expected to be fully utilised.

### 16 Prepayments

Accruals recognised as assets include costs incurred relating to subsequent financial years. The costs relate to prepaid insurances, licenses and travelling expenses.

### 17 Other provisions

Provisions for liabilities include the expected cost of repair and warranty commitments and employee related obligations.

Warranty liabilities comprise liabilities of ordinary 1 year's warranty on the Company's products and other estimated repairmentliabilities for major plant.

### 18 Non-current liabilities other than provisions

	Due after more than 12 months 2022	Outstanding after 5 years 2022
	DKK'000	DKK'000
Other payables	6,908	6,342
	<b>6,908</b>	<b>6,342</b>

### 19 Changes in working capital

	2022	2021
	DKK'000	DKK'000
Increase/decrease in inventories	8,425	(77,282)
Increase/decrease in receivables	(3,067)	12,379
Increase/decrease in trade payables etc	(27,651)	12,431
	<b>(22,293)</b>	<b>(52,472)</b>

### 20 Contingent liabilities

#### Contracts and agreements

Jørgen Kruuse A/S has signed sales related licence and commission agreements with 13 persons/companies. The agreements are related to specific products and are in force as long as these products are sold.

The expense is DKK ('000) 3,538 in the financial year.

*Rental agreements*

Jørgen Kruuse A/S has signed a rental agreement with PAK Ejendomsselskab A/S concerning the domicile property at Havretoften 4, Langeskov with a rent for 2022 of DKK ('000) 7,355 and a maximum liability until expiry of approx. DKK ('000) 14,710.

Jørgen Kruuse A/S has signed other lease agreements relating to operating equipment etc. at a total annual lease payment of DKK ('000) 3,350 and a maximum liability until expiry of DKK ('000) 10,900.

*Joint liabilities*

Jørgen Kruuse A/S is jointly and severally liable together with the parent company and the other group companies in the jointly taxed group for tax on the group's jointly tax income and for certain possible withholding taxes such as dividend tax.

Tax payable of the group's jointly taxed income is stated in the annual report of parent company Projectgold ApS, which serves as management parent company for the joint taxation.

**21 Assets charged and collateral**

Jørgen Kruuse A/S has issued a Letter of Support in relation to the subsidiaries Kruuse UK Ltd. and Kruuse Hong Kong Ltd.

**22 Related parties with controlling interest**

Jørgen Kruuse A/S' related parties include:

*Controlling interest*

- Projectsilver ApS, Havretoften 4, 5550 Langeskov, Denmark
- Projectgold ApS, Havretoften 4, 5550 Langeskov, Denmark
- Covetrus B.V. - Beversestraat 23, Cuijk Netherlands 5431 SL
- Covetrus Holding B.V. - Beversestraat 23 Cuijk, Netherlands 5431 SL
- Covetrus Animal Health Holdings Ltd. - 37 North Wharf Road, Paddington U.K. W2 1AF
- Vet Intermediate Holdco II, LLC – 400 Metro Place, Dublin Oh 43017, USA
- Vet Intermediate Holdco I, LLC– 400 Metro Place, Dublin Oh 43017, USA
- Covetrus, Inc. – 400 Metro Place, Dublin Oh 43017, USA
- Corgi Bidco, Inc– 400 Metro Place, Dublin Oh 43017, USA
- CVET Midco 2, L.P. – 400 Metro Place, Dublin Oh 43017, USA
- CVET Midco 1, L.P. – 400 Metro Place, Dublin Oh 43017, USA
- CVET Holdco, L.P– 400 Metro Place, Dublin Oh 43017, USA
- CVET Topco, L.P. – 400 Metro Place, Dublin Oh 43017, USA

*Transactions with related parties*

Jørgen Kruuse A/S did not carry out any substantial transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Act information is given only on transactions that were not performed on common market conditions.

**23 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the largest group: Covetrus Inc., Dublin, Ohio, USA.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Projectgold ApS, Havretoften 4, 5550 Langeskov.

The Company is included in the consolidated financial statements of Projectgold ApS, Havretoften 4, 5500 Langeskov, CVR no. 36 90 94 12 and in the consolidated financial statements of the parent, Covetrus Inc., Dublin, Ohio, USA.

# Accounting policies

## Reporting class

The annual report of Jørgen Kruuse A/S for 2022 is presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large-sized enterprises.

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

## Consolidated financial statements

Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of Projectgold ApS.

## Non-comparability

There is a non-comparability in the accounts, due to a different presentation of wage subsidies which has had the following effect on the comparison:

- Other operating income	1.836.000
- Staff Costs	(1.836.000)

## Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Accounts receivable, payable and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivable or payable is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

The income statements of foreign subsidiary enterprises fulfilling the criteria for being independent entities are translated at an average exchange rate for the month and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of the foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

## Income statement

### Net revenue

The net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenues is recognised exclusive of VAT, duties and less discounts related to the sale.

**Other operating income and expenses**

Other operating income and expenses include items of a secondary nature in relation to the enterprises' principal activities.

**Cost of sales**

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

**Other external costs**

Other external costs include logistics, maintenance, operations, rent of premises, packing, marketing, seminars, administration, office supplies, IT, and telecommunication as well as loss on bad debts.

**Staff costs**

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs of social security etc. for the company's employees.

**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, and gains and losses from the sale of intangible assets and property, plant and equipment.

**Investments in subsidiaries**

The proportional share of results of subsidiaries after full elimination of intercompany profits/losses and deduction of amortised goodwill is recognised in the company's income statement.

**Other financial income**

Other financial income comprises 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, and 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, and tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

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 can be attributed to the profit for the year, and is recognised directly in the equity by the portion that can be attributed to entries directly to the equity.

**Balance sheet****Intangible fixed assets**

Development costs, in progress, comprise costs, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition until the time when the assets are ready to be used.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in

question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

Acquired rights are measured at less accumulated amortisation. Rights are amortised on a straight-line basis over the estimated useful life of 5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

**Tangible fixed assets**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and write-down.

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.

The depreciation base is cost less estimated residual value after end of useful life. Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	<b>Useful life</b>	<b>Residual value</b>
Other fixtures and fittings, tools and equipment	3-10 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.

Tangible fixed assets under construction are measured at cost.

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.

**Fixed asset investments**

Investments in subsidiaries are measured in the parent company balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated in accordance with the acquisition method.

In connection with purchase of companies, the acquisition method is used with revaluation of all identified assets and liabilities at fair value on the acquisition date. The fair value is calculated on the basis of trades on an active market, alternatively calculated using generally accepted valuation models. When calculating the fair value of investment properties, a discounted cash is used flow model based on the discounting of future earnings. Operating assets are listed for fair value on the basis of obtained valuations, which are based on an overall assessment of the machinery park. The acquisition date is the time when the group actually obtains control over the acquired company Corporation.

Added values in the form of consolidated goodwill are amortised over the estimated financial useful life, which is determined based on management's experience within the individual lines of business. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which is 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.

Net revaluation of investments in subsidiaries is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value. Dividends from subsidiaries expected to be approved before the approval of the annual report of the parent company are not bound on the reserve for net revaluation.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds accounts receivable, the residual amount is recognised under provision for liabilities to the extent that the company has a legal or actual liability to cover the subsidiary's deficit.

Other investments are measured at cost.

#### **Impairment of fixed assets**

The carrying amount of intangible and tangible fixed assets together with investments, 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.

The accounting policies applied to material financial statement items of group enterprises are:

#### **Net revenue:**

The net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year. Net revenues is recognised exclusive of VAT, duties and less discounts related to the sale.

#### **Cost of sales:**

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

#### **Other external costs:**

Other external costs include logistics, maintenance, operations, rent of premises, packing, marketing, seminars, administration, office supplies, IT, and telecommunication as well as loss on bad debts.

#### **Staff costs:**

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs of social security

etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

**Intangible fixed assets:**

Acquired goodwill and customer relations are measured at cost less accumulated amortization. Goodwill and customer relations are amortised on a straight-line basis over the expected useful life which is estimated to 10-12 years.

Amortisation of goodwill and customer relations over 10-12 years reflects in management's opinion the useful life of goodwill and is determined with due regard to the expected future net income arising from the activity to which goodwill and customer relations are related.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

**Acquired patents, licences and rights:**

Acquired patents, licences and rights comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Acquired patents, licences and rights are measured at cost. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Acquired patents, licences and rights	5-12 years
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Acquired patents, licences and rights are written down to the lower of recoverable amount and carrying amount.

The residual value is 0.

**Tangible fixed assets:**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and write-down.

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.

The depreciation base is cost less estimated residual value after end of useful life. Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value.



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.

Tangible fixed assets under construction are measured at cost.

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.

**Inventories:**

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

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of management, and capitalised development costs relating to the products.

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 write-down to meet expected losses.

**Cash:**

Cash comprises cash in hand and bank deposits.

**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.

Other liabilities, which include debt to suppliers, subsidiaries and associates and other debt, are measured at amortised cost which usually corresponds to the nominal value.

**Inventories**

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

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of management, and capitalised development costs relating to the products.

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 write-down to meet expected losses.

**Deferred tax**

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 offset against tax on future earnings or by offset against deferred tax liabilities within the same legal tax unit.

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 would be applicable when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rate are recognised in the income statement, except for items that are taken directly to equity.

**Accruals, assets**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

**Other provisions for liabilities**

Provisions for liabilities include the expected cost of repair and warranty commitments and employee related obligations.

**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.

Other liabilities, which include debt to suppliers, subsidiaries and associates and other debt, are measured at amortised cost which usually corresponds to the nominal value.

**Tax payable**

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.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

**Cash flow statement**

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

*Cash flows from operating activities:*

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

*Cash flows from investing activities:*

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

*Cash flows from financing activities:*

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interestbearing debt and payment of dividend to shareholders.

*Cash and cash equivalents:*

Cash and cash equivalents includes only cash.