Projectgold ApS

Havretoften 4
5550 Langeskov
Central Business Registration
No 36909412

Annual report 2019

The Annual General Meeting adopted the annual report on 18.09.2020

Chairman of the General Meeting

Name: Thomas Rahbek

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Entity details

Entity
Projectgold ApS
Havretoften 4
5550 Langeskov

Central Business Registration No (CVR): 36909412
Founded: 01.06.2015
Registered in: Kerteminde
Financial year: 01.01.2019 - 31.12.2019

Phone: +45 72 14 15 11

Board of Directors
Michael Ellis, Chairman
Timothy Carse
Graham Rhodes

Executive Board
Michael Ellis

Bank
Bank Mendes Gans
Herengracht 619
1017 CE Amsterdam, Netherlands

Entity auditors
BDO Statsautoriseret revisionsaktieselskab
Fælledvej 1
5000 Odense C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Projectgold ApS for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Entity's financial position at 31.12.2019 and of the results of the Group's and the Entity's operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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.

Odense, 18.09.2020

Executive Board

Michael Ellis

Board of Directors

Michael Ellis Chairman	Timothy Carse	Graham Rhodes

Independent auditor's report

To the shareholders of Projectgold ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Projectgold ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group’s and the Parent’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 consolidated financial statements and the parent 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 Group's and the Parent’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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, 18.09.2020

BDO
Statsautoriseret revisionsaktieselskab
Central Business Registration No (CVR) 20222670

Jesper Bechsgaard Jørgensen
State Authorised Public Accountant
Identification No (MNE) mne31412

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	1/6-31/12 2015 DKK'000
Financial highlights					
Key figures					
Revenue	666,138	659,490	651,182	662,994	242,944
Gross profit/loss	188,903	175,062	163,013	168,952	51,861
Operating profit/loss	8,704	(11,900)	(10,619)	(5,547)	(4,826)
Net financials	(52)	(13,748)	(13,303)	(10,886)	(3,781)
Profit/loss for the year	4,848	(23,272)	(22,681)	(16,039)	(8,223)
Total assets	693,743	586,194	610,364	611,475	579,491
Investments in property, plant and equipment	3,544	2,024	999	5,214	8,819
Equity	28,733	67,147	82,600	106,542	124,681
Average numbers of employees	252	246	252	255	254
Index for net revenue	160	158	156	159	100
Ratios					
Gross margin (%)	28.4	26.5	25.0	25.5	21.3
Net margin (%)	0.7	(3.5)	(3.5)	(2.4)	(3.4)
Return on equity (%)	10.1	(31.1)	(24.0)	(13.9)	(6.6)
Equity ratio (%)	4.1	11.5	13.5	17.4	21.5
Revenue per employee	2,643.4	2,680.9	2,584.1	2,600.0	956.5

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

The index for net revenue for 2015 has been converted to full-year figures to ensure better coherence.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss x 100}}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity x 100}}{\text{Total assets}}$	The financial strength of the entity.
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$	The entity's productivity

Management commentary

Primary activities

The group's principal activities comprise production and sale of veterinary articles. The group 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.

Development in activities and finances

The group realised EBITDA of DKK 44,4 m during the year, which is a increase of DKK 23,0 m. The results after tax for the year are DKK 4,8 m.

Management considers the total profit of the group as satisfactory.

Outlook

Management expects the group to improve its results before tax in 2020, measured against the results realised for 2019. The increase will primarily be driven by gross margin and a moderate development in the group's expenses.

Particular risks

The group's most significant operating risk is attached to the ability to be strongly positioned in the markets where its products are said and to currently ensure high service and quality at competitive prices.

Foreign exchange risks:

The group's revenue and earnings are related to the development for SEK, NOK, GBP and, to a lesser extent, USD. The group uses financial instruments to hedge and control the interest rate risk. No speculative foreign currency positions are made.

Exchange adjustments of investments in subsidiary enterprises, which are independent entities, are recognised directly in the equity. Related exchange risks are generally not hedged because it is the group'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 have an effect on the earnings.

Environmental performance

The group is continuously working on minimising adverse environmental conditions.

Research and development activities

The Group's headquarters are situated in Langeskov, Denmark, and the development activities are primarily controlled and performed there.

Statutory report on corporate social responsibility

The group has a historical tradition for assuming corporate social responsibility within areas in which the group believes it can contribute. For this purpose, the group has focus on a number of potential CSR risks in

Management commentary

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.

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 group has focus on work-life balance. For this purpose, the group has drawn up a stress and job satisfaction policy and set up a job satisfaction committee. As part of the group's health policy it offers regular health checks and smoking cessation courses, a healthy canteen scheme, which is evaluated regularly. The group's goal is to maintain absence due to sickness at continued low level.

The group's work environment organisation has increased focus on analyzing "near-miss-accidents" and has taken steps to changes which may help the prevention of work-related accidents. Main focus within the group has been the focus on ensuring compliance with our public partners, such as the Danish Medicines Agency. We have also decided to expand the internal work environment organzation to support increased focus. No serious work-related accidents happened in the most recent financial year. It is the group's goal that work-related accidents should not happen.

We assess that our activities in 2019 have contributed positively to maintain good conditions for our employees.

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 labour. Failure to manage this risk may for example 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 located in Asia.

The group 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 group'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 fulfil 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 labour, etc. and the same applies to sub-suppliers, aim at ensuring a healthy and safe work environment for their employees in order to prevent accidents or health implications.

Management commentary

Our regular visits to suppliers in 2019 did not result in any comments in this respect. Moreover, we are not aware of any violations of human rights in the group in 2019.

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 a number of 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 group is environmentally conscious and initiatives are taken currently to improve the impact on the environment of the company's production and distribution until disposal.

According to the group'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.

This focus has in 2019 resulted in specific improvement initiatives according to which unnecessary plastic foil has been removed from our prepacking, and initiatives have been taken which in specific areas change prepacking to unbleached and recycled cardboard. We assess that our efforts in 2019 have contributed positively to improve the impact on the environment and the climate of our activities.

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. 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 implemented in 2019 an e-learning course with special focus on scenarios in relation to corruption and bribery, including how we respond to corruption and bribery. We are not aware of any violations relating to corruption or bribery in 2019.

Statutory report on the underrepresented gender
The group is working on increasing the share of the underrepresented gender in the Management because diversity is considered a strength.

Management commentary

The board of directors

The group has as its target that at least 25 % of the four board members elected at the group's Annual General Meeting must be women in 2022. Status at the end of 2019 is that none of the group's board members are women. The target has not been achieved yet because new members of the board, who were elected on the basis of the competences and insights set up, were men. We find it an ambitious goal to achieve 25% and will attempt to meet it.

The group's policy and efforts

The group has drawn up a policy and taken initiatives to promote the gender distribution at managerial levels, and which develop and support female leaders. In connection with employment and recruitment for managerial positions it is a goal to have both male and female candidates despite the fact that the business world is male dominated. The policy applies to internal as well as external job postings. The group has also reviewed its employment conditions to assess the barriers and opportunities in relation to promoting the underrepresented gender at the managerial levels.

The group's executive management includes six persons and the gender distribution was 100% men at the end of 2019.

The group's group of mid-level managers includes nine persons and the gender distribution was 55% women and 45% men at the end of 2019.

Events after the balance sheet date

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

The outbreak and spread of COVID-19 at the beginning of 2020 is expected to adversely affect the company's profit for 2020.

Measures have been taken to reduce this impact, after which it is not considered to be significant for the group's financial position and development.

Consolidated income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Revenue	2	666,138	659,490
Other operating income		40	16
Cost of sales		(389,046)	(405,425)
Other external expenses	3	(88,229)	(79,019)
Gross profit/loss		**188,903**	**175,062**
Staff costs	4	(144,441)	(153,665)
Depreciation, amortisation and impairment losses		(35,758)	(33,297)
Operating profit/loss		**8,704**	**(11,900)**
Income from other fixed asset investments		0	64
Other financial income	5	1,791	308
Other financial expenses	6	(1,843)	(14,120)
Profit/loss before tax		**8,652**	**(25,648)**
Tax on profit/loss for the year	7	(3,804)	2,376
Profit/loss for the year	8	**4,848**	**(23,272)**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Acquired patents		3,350	8,377
Acquired licences		103,374	116,857
Acquired rights		16,518	6,630
Goodwill		100,838	110,029
Development projects in progress		501	385
Intangible assets	9	**224,581**	**242,278**
Other fixtures and fittings, tools and equipment		5,178	3,475
Property, plant and equipment in progress		0	2,485
Property, plant and equipment	10	**5,178**	**5,960**
Other investments		1,186	1,186
Fixed asset investments	11	**1,186**	**1,186**
Fixed assets		**230,945**	**249,424**
Manufactured goods and goods for resale		92,022	100,724
Prepayments for goods		6,890	5,914
Inventories		**98,912**	**106,638**
Trade receivables		82,486	81,529
Receivables from group enterprises		20,366	7,356
Deferred tax	13	598	1,733
Other receivables		3,846	3,413
Income tax receivable		0	435
Prepayments	12	1,758	6,748
Receivables		**109,054**	**101,214**
Cash		**254,832**	**128,918**
Current assets		**462,798**	**336,770**
Assets		**693,743**	**586,194**

Consolidated balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		52	51
Reserve for development expenditure		391	300
Retained earnings		28,290	8,247
Equity attributable to the Parent's owners		**28,733**	**8,598**
Share of equity attributable to minority interests		**0**	**58,549**
Equity		**28,733**	**67,147**
Deferred tax	13	24,360	27,212
Other provisions	14	5,613	8,535
Provisions		**29,973**	**35,747**
Other payables		2,809	0
Non-current liabilities other than provisions	15	**2,809**	**0**
Bank loans		522,662	360,533
Prepayments received from customers		1,596	0
Trade payables		48,645	48,555
Payables to group enterprises		2,609	10,963
Income tax payable		5,055	1,103
Other payables		51,271	60,766
Deferred income	16	390	1,380
Current liabilities other than provisions		**632,228**	**483,300**
Liabilities other than provisions		**635,037**	**483,300**
Equity and liabilities		**693,743**	**586,194**
Events after the balance sheet date	1		
Contingent liabilities	18		
Assets charged and collateral	19		
Group relations	20		
Subsidiaries	21		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK'000	Reserve for development expenditure DKK'000	Retained earnings DKK'000
Equity beginning of year	51	300	8,247
Increase of capital	1	0	12,999
Exchange rate adjustments	0	0	1,405
Other entries on equity	0	0	882
Transfer to reserves	0	91	(91)
Profit/loss for the year	0	0	4,848
Equity end of year	**52**	**391**	**28,290**

	Share of equity attributable to minority interests DKK'000	Total DKK'000
Equity beginning of year	58,549	67,147
Increase of capital	0	13,000
Exchange rate adjustments	0	1,405
Other entries on equity	(58,549)	(57,667)
Transfer to reserves	0	0
Profit/loss for the year	0	4,848
Equity end of year	**0**	**28,733**

Consolidated cash flow statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Operating profit/loss		8,704	(11,900)
Amortisation, depreciation and impairment losses		35,756	33,297
Working capital changes	17	(18,951)	22,289
Other adjustments		8,386	579
Cash flow from ordinary operating activities		**33,895**	**44,265**
Financial income received		1,791	372
Financial expenses paid		(1,843)	(14,120)
Income taxes refunded/(paid)		(1,398)	(3,003)
Cash flows from operating activities		**32,445**	**27,514**
Acquisition etc of intangible assets		(15,988)	(6,148)
Acquisition etc of property, plant and equipment		(3,544)	(2,024)
Sale of property, plant and equipment		0	56
Cash flows from investing activities		**(19,532)**	**(8,116)**
Repayments of loans etc		0	(291,254)
Cash increase of capital		13,000	8,000
Cash decrease of capital		0	(46)
Acquisition of minority interest		(62,130)	0
Cash flows from financing activities		**(49,130)**	**(283,300)**
Increase/decrease in cash and cash equivalents		**(36,217)**	**(263,902)**
Cash and cash equivalents beginning of year		(231,615)	32,287
Cash and cash equivalents end of year		**(267,832)**	**(231,615)**
Cash and cash equivalents at year-end are composed of:			
Cash		254,832	128,918
Short-term debt to banks		(522,664)	(360,533)
Cash and cash equivalents end of year		**(267,832)**	**(231,615)**

Notes to consolidated financial statements

1. Events after the balance sheet date

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

The outbreak and spread of COVID-19 at the beginning of 2020 is expected to adversely affect the group's profit for 2020.

Measures have been taken to reduce this impact, after which it is not considered to be significant for the group's financial position and development.

	2019 DKK'000	2018 DKK'000
2. Revenue		
Revenue, Denmark	170,324	161,311
Revenue, rest of the world	495,814	498,179
	666,138	**659,490**

	2019 DKK'000	2018 DKK'000
3. Fees to the auditor appointed by the Annual General Meeting		
Statutory audit services	956	952
Other assurance engagements	8	9
Tax services	23	15
Other services	116	144
	1,103	**1,120**

	2019 DKK'000	2018 DKK'000
4. Staff costs		
Wages and salaries	123,839	129,574
Pension costs	14,943	15,984
Other social security costs	1,962	2,464
Other staff costs	3,697	5,643
	144,441	**153,665**
Number of employees at balance sheet date	**252**	**246**

	2019 DKK'000	2018 DKK'000
5. Other financial income		
Other interest income	1,791	308
	1,791	**308**

Notes to consolidated financial statements

6. Other financial expenses	2019 DKK'000	2018 DKK'000
Financial expenses from group enterprises	0	10,946
Other interest expenses	216	3,174
Exchange rate adjustments	413	0
Other financial expenses	1,214	0
	1,843	**14,120**

7. Tax on profit/loss for the year	2019 DKK'000	2018 DKK'000
Current tax	5,785	2,012
Change in deferred tax	(1,981)	(4,385)
Adjustment concerning previous years	0	(3)
	3,804	**(2,376)**

8. Proposed distribution of profit/loss	2019 DKK'000	2018 DKK'000
Retained earnings	4,848	(21,378)
Minority interests' share of profit/loss	0	(1,894)
	4,848	**(23,272)**

9. Intangible assets	Acquired patents DKK'000	Acquired licences DKK'000	Acquired rights DKK'000	Goodwill DKK'000
Cost beginning of year	25,133	161,801	7,040	153,101
Exchange rate adjustments	0	0	0	232
Additions	0	0	11,129	4,745
Cost end of year	**25,133**	**161,801**	**18,169**	**158,078**
Amortisation and impairment losses beginning of year	(16,756)	(44,944)	(412)	(43,072)
Exchange rate adjustments	0	0	0	(8)
Impairment losses for the year	0	0	(244)	0
Amortisation for the year	(5,027)	(13,483)	(995)	(14,160)
Amortisation and impairment losses end of year	**(21,783)**	**(58,427)**	**(1,651)**	**(57,240)**
Carrying amount end of year	**3,350**	**103,374**	**16,518**	**100,838**

Notes to consolidated financial statements

	Development projects in progress DKK'000
9. Intangible assets	
Cost beginning of year	385
Exchange rate adjustments	0
Additions	116
Cost end of year	**501**
Amortisation and impairment losses beginning of year	0
Exchange rate adjustments	0
Impairment losses for the year	0
Amortisation for the year	0
Amortisation and impairment losses end of year	**0**
Carrying amount end of year	**501**

Development projects

Development cost consist projects in progress of new/unique products with expected market launch in 2020 (DKK’000 501). Market research shows a demand for these specific unique products.

	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
10. Property, plant and equipment		
Cost beginning of year	2,444	2,485
Exchange rate adjustments	(512)	0
Transfers	360	0
Additions	3,544	0
Disposals	(2)	(2,485)
Cost end of year	**5,834**	**0**
Depreciation and impairment losses beginning of year	1,032	0
Exchange rate adjustments	517	0
Transfers	(360)	0
Depreciation for the year	(1,847)	0
Reversal regarding disposals	2	0
Depreciation and impairment losses end of year	**(656)**	**0**
Carrying amount end of year	**5,178**	**0**

Notes to consolidated financial statements

	Other investments DKK'000
11. Fixed asset investments	
Cost beginning of year	1,186
Cost end of year	**1,186**
Carrying amount end of year	**1,186**

12. Prepayments

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

	2019 DKK'000	2018 DKK'000
13. Deferred tax		
Intangible assets	26,569	28,754
Property, plant and equipment	(653)	(845)
Inventories	(404)	199
Provisions	(1,825)	(2,864)
Other deductible temporary differences	75	235
	23,762	**25,479**
Changes during the year		
Beginning of year	25,479	
Recognised in the income statement	(1,981)	
Other changes	264	
End of year	**23,762**	

14. 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 group's products and other estimated repairment liabilities for major plant.

	Outstanding after 5 years DKK'000
15. Liabilities other than provisions	
Other payables	2,809
	2,809

Notes to consolidated financial statements

16. Short-term deferred income

Accruals recognised as liabilities include costs included relating to deferred revenue, invoiced not delivered.

	2019 DKK'000	2018 DKK'000
17. Change in working capital		
Increase/decrease in inventories	7,726	8,893
Increase/decrease in receivables	(9,410)	13,791
Increase/decrease in trade payables etc	(17,267)	(395)
	(18,951)	**22,289**

18. Contingent liabilities

Contracts and agreements

The group has signed sales related licence and commission agreements with 14 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) 3,743 from 1 January to 31 December 2019.

Rental agreements

The group has signed rental agreements with an annual rent of DKK ('000) 7,819 and a maximum liability until expiry of approx. DKK ('000) 12,601.

The group has signed lease agreements relating to operating equipment etc. at a total annual lease payment of DKK ('000) 3,481 and a maximum liability until expiry of DKK ('000) 4,772.

Joint liabilities

The company is jointly and severally liable together the other Danish group companies in the jointly taxed group for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax.

19. Assets charged and collateral

None.

20. Group relations

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

The Company is included in the consolidated financial statements of the ultimate parent company, Covetrus Inc., Portland, Marine, USA.

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

Covetrus Inc., Portland, Marine, USA.

Notes to consolidated financial statements

Transaction with related parties

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

	Registered in	Corporate form	Equity interest %
21. Subsidiaries			
Projectsilver ApS	Langeskov	ApS	100.0
Jørgen Kruuse A/S	Langeskov	A/S	100.0
Kruuse UK Ltd	Sherburn in Elmet, North Yorkshire, United Kingdom	Ltd	100.0
Kruuse Svenska AB	Uppsala, Sverige	AB	100.0
Kruuse Norge AS	Drøbak, Norge	AS	100.0
Kruuse Hong Kong Ltd	Hong Kong	Ltd	100.0
Kruuse Shanghai Co, Ltd.	Shanghai	Ltd	100.0
Kruuse Polska SP z.o.o.,	Poznan, Polen	SP z.o.o.	100.0
E-Vet A/S	Haderslev	A/S	100.0

Parent income statement for 2019

	Notes	2019 DKK'000	2018 DKK'000
Other external expenses		(396)	(359)
Operating profit/loss		**(396)**	**(359)**
Income from investments in group enterprises		6,737	(10,866)
Other financial expenses	1	(148)	(12,636)
Profit/loss before tax		**6,193**	**(23,861)**
Tax on profit/loss for the year	2	123	2,850
Profit/loss for the year	3	**6,316**	**(21,011)**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Investments in group enterprises		337,199	324,647
Fixed asset investments	4	**337,199**	**324,647**
Fixed assets		**337,199**	**324,647**
Receivables from group enterprises		11,588	2,346
Income tax receivable		0	435
Joint taxation contribution receivable		4,521	3,237
Receivables		**16,109**	**6,018**
Current assets		**16,109**	**6,018**
Assets		**353,308**	**330,665**

Parent balance sheet at 31.12.2019

	Notes	2019 DKK'000	2018 DKK'000
Contributed capital		52	51
Retained earnings		33,730	8,601
Equity		**33,782**	**8,652**
Bank loans		315,811	321,919
Income tax payable		3,543	0
Other payables		172	94
Current liabilities other than provisions		**319,526**	**322,013**
Liabilities other than provisions		**319,526**	**322,013**
Equity and liabilities		**353,308**	**330,665**
Contingent liabilities	5		

Parent statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	51	8,601	8,652
Increase of capital	1	12,999	13,000
Exchange rate adjustments	0	1,405	1,405
Other entries on equity	0	4,409	4,409
Profit/loss for the year	0	6,316	6,316
Equity end of year	**52**	**33,730**	**33,782**

Notes to parent financial statements

	2019	2018

	2019 DKK'000	2018 DKK'000
1. Other financial expenses		
Financial expenses from group enterprises	(3)	10,946
Other interest expenses	151	1,690
	148	**12,636**

	2019 DKK'000	2018 DKK'000
2. Tax on profit/loss for the year		
Current tax	(123)	(2,850)
	(123)	**(2,850)**

	2019 DKK'000	2018 DKK'000
3. Proposed distribution of profit/loss		
Retained earnings	6,316	(21,011)
	6,316	**(21,011)**

	Invest-ments in group enterprises DKK'000
4. Fixed asset investments	
Cost beginning of year	364,652
Cost end of year	**364,652**
Revaluations beginning of year	(40,005)
Exchange rate adjustments	1,406
Adjustments on equity	4,409
Share of profit/loss for the year	6,737
Revaluations end of year	**(27,453)**
Carrying amount end of year	**337,199**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

5. Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement according to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc

Notes to parent financial statements

for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

Tax payable on the groups joint taxable income amounts to DKK’000 3,543.

Accounting policies

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

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful life. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

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 he rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of the foreign subisiaries at the beginning of the year to the rates of the balance sheet dateand from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

Income statement

Revenue

Revenue from the sale of merchandise and finished goods is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

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

Cost of sales

Cost of sales comprises cost incurred to archieve the net revenue for the year, including direct and indirect cost of raw materials and consumerables.

Other external expenses

Other external expenses include expenses relating to the Entity’s ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

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

Accounting policies

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from other fixed asset investments
Income from other fixed asset investments comprises gains in the form of interest, dividends, etc on fixed asset investments which are not investments in group enterprises or associates.

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 as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year
Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

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

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 12 years.

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

Acquired noncompetition agreements, trade names and other rights are measured at cost less accumulated amortisation. Noncompetition agreements, trade names and other rights amortised on a straight-line basis over the expected useful life which is estimated to 1-5 years.

Accounting policies

Amortisation of noncompetition agreements, trade names and other rights over 1-5 years reflects in managements opinion the useful life of noncompetition agreements, trade names and other rights with due regard to the expected future net income arising from the activity to which noncompetition agreements, trade names and other rights are related.

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

Property, plant and equipment
Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plant and machinery	3-6 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises
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 and other values calculated in accordance with the acquisition method.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods.

Consolidated goodwill and other values are amortised over the expected useful life determined on the basis of management's experience within the individual lines of business. Description of practice for amortization of intangible assets above.

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.

Accounting policies

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the parent company's share of the negative equity 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 parent company has a legal or actual liability to cover the subsidiary's deficit.

Other investments
Other shares are measured at cost.

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

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

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Accounting policies

Other provisions
Other provisions comprise anticipated costs of repair and warranty commitments and employee related obligations.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Operating leases
Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Income tax receivable or payable
Current tax receivable or payable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

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.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Accounting policies

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.