



Tel.: +45 63 12 71 00
odense@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Fælledvej 1
DK-5000 Odense C
CVR no. 20 22 26 70

PROJECTGOLD APS

C/O JØRGEN KRUUSE A/S, HAVRETOFTEN 4, 5550 LANGESKOV

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 20 June 2024**

Mads Bonne Alkærsig

CVR NO. 36 90 94 12

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COMPANY DETAILS

Company	Projectgold ApS c/o Jørgen Kruuse A/S Havretoften 4 5550 Langeskov CVR No.: 36 90 94 12 Established: 1 June 2015 Municipality: Kerteminde Financial Year: 1 January - 31 December
Board of Directors	Graham Michael Rhodes, chairman Tino Bendix Mads Bonne Alkærsg
Executive Board	Mads Bonne Alkærsg
Auditor	BDO Statsautoriseret revisionsaktieselskab Fælledvej 1 5000 Odense C
Bank	Bank Mendes Gans Herengracht 619 1017 CE Amsterdam, Netherlands

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Projectgold ApS for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2023 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

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

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

Langeskov, 20 June 2024

Executive Board

Mads Bonne Alkærsig

Board of Directors

Graham Michael Rhodes
Chairman

Tino Bendix

Mads Bonne Alkærsig

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Projectgold ApS

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Projectgold ApS for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2023 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2023 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 Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company 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 the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company 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 Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Consolidated Financial Statements and the Annual Financial Statements of the Company.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Annual Financial Statements of the Company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company 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.

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover 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 Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

INDEPENDENT AUDITOR'S REPORT

Odense, 20 June 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jesper Bechsgaard Jørgensen
State Authorised Public Accountant
MNE no. mne31412

FINANCIAL HIGHLIGHTS OF THE GROUP

	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000
Income statement					
Net revenue.....	824,842	719,455	790,921	679,445	666,138
Gross profit/loss.....	218,399	204,486	257,786	226,022	188,903
Operating profit/loss of main activities...	57,043	24,608	89,271	52,668	8,704
Financial income and expenses, net.....	1,674	-881	-499	1,258	-52
Profit/loss for the year.....	43,950	15,797	67,303	38,353	4,848
Balance sheet					
Total assets.....	565,073	523,400	608,146	705,789	693,743
Equity.....	422,577	381,833	369,909	392,813	28,733
Cash flows					
Investment in property, plant and equipment.....	-3,925	-2,772	-3,456	-5,041	-3,544
Average number of full-time employees.....					
	223	242	227	238	252
Key ratios					
Gross margin.....	26.5	28.4	32.6	33.3	28.4
Equity ratio.....	74.8	73.0	60.8	55.7	4.1
Return on equity.....	10.9	4.2	17.6	18.2	10.1
Net margin.....	5.3	2.2	8.5	5.6	0.7
Index for net revenue.....	124	108	119	102	100
Net revenue per employee.....	3,699	2,973	3,484	2,855	2,643

The comparative figures for 2022 have been adjusted due to change of classification for Expenses for raw materials and consumables, Other external expenses and Staff costs. Gross profit/loss and gross margin have changed compared to last year's financial highlights. For further details, please see the section "Accounting policies".

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

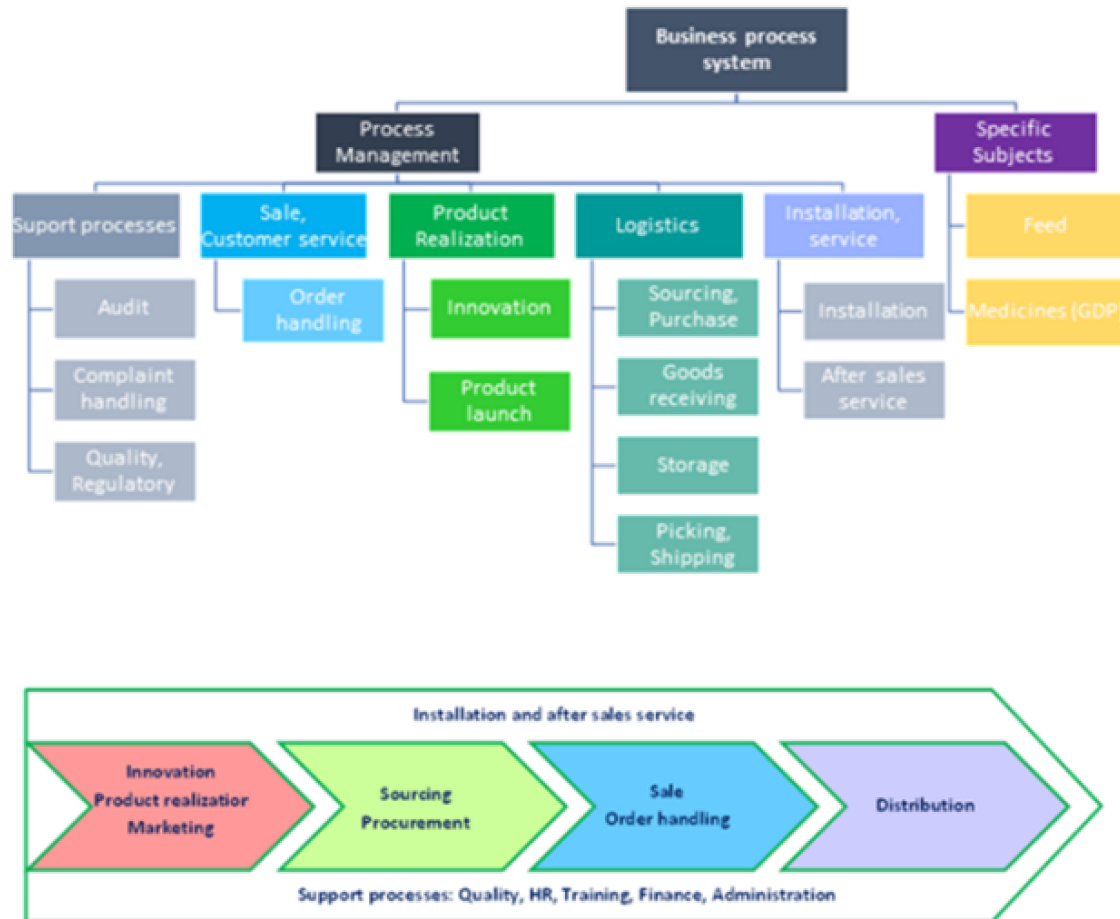
Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
Equity ratio:	$\frac{\text{Equity (ex. minorities), at year-end} \times 100}{\text{Total assets, at year-end}}$
Return on equity:	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$
Net revenue per employee DKK ('000)	$\frac{\text{Net revenue DKK('000)}}{\text{Average number of full-time employees}}$
Net margin	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$

MANAGEMENT COMMENTARY

Principal activities

The Group’s main activities comprise the production and sales 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.

The Group’s business model



Development in activities and financial and economic position

The Group’s income statement shows a profit before tax of DKK ‘000 58,717, an increase of DKK ‘000 34,990 / 147% against 2022. The balance sheet on 31 December 2023 shows an equity amount of DKK ‘000 422,577 and a balance sheet total of DKK ‘000 565,073.

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 sold and to continuously ensure high service and quality at competitive prices. To maintain and strengthen the 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 which could impact the achievement of strategic objectives are identified, managed and/or mitigated.

Foreign exchange risks:

The Group’s revenue and earnings are related to the development of SEK, NOK, GBP, and USD. The Group refrains from engaging in speculative foreign currency trading. To mitigate unnecessary currency, risk all bank account balances are converted to local currency monthly.

Exchange adjustments of investments in subsidiary enterprises, which are independent entities, are

MANAGEMENT COMMENTARY

Development in activities and financial and economic position (continued)

recognized 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 influence earnings.

Profit/loss for the year compared to the expected development

Outlook and expectations for 2023 were compared to the targets set in last year's Management Commentary.

As Norway and Sweden are two significant sales markets the Group was challenged by the decrease in their exchange rates during 2023. But, overall, the sales in Denmark and in other global markets reached a satisfactory level. Furthermore, the Group also increased its revenue significantly as it started selling Hills products through its sales channels in Denmark, Norway and Sweden, which had a positive impact on the result.

Significant events after the end of the financial year

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

Environmental situation

The Group 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 locations in Langeskov, with an external supplier.

Furthermore, an agreement has been established concerning the reuse and recycling of products containing batteries.

Previously, actions have been taken 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 the replacement of lightbulbs with new LED lights throughout the headquarter facilities.

Travel has also been reduced significantly and restricted to necessary trips only resulting in a lower carbon footprint. Video conferencing equipment allows colleagues, customers, and vendors to connect without the need for 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 include small projects in the form of new products.

Future expectations

While short-term effect of a softening veterinary industry caused a setback in 2022 have led to a relatively large increase in the result for 2023 the long-term prospects remain positive but steadier for the Group and the animal health industry.

Furthermore, it is management's expectation that the currency, SEK and NOK will someone stabilize throughout 2024.

Profit before tax is expected to reach between DKK '000 60 - 65 in 2024, with only a slight increase in profit compared to 2023.

Corporate social responsibility (CSR) report

The Group has a historical tradition of assuming corporate social responsibility within areas in which the Group believes it can contribute. For this purpose, the Group has focused on several potential CSR risks in relation to our activities:

MANAGEMENT COMMENTARY

Corporate social responsibility (CSR) report (continued)

In the following we will 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 Group has been a member of SEDEX (Supplier Ethical Data Exchange) since 2020 to secure responsibility, sustainability, protect workers and to source ethically. We have policies within the fields of corruption, ethics & compliance and the group has a strong focus on diversity and inclusion in the form of targeted training.

Employees

We assess that the most significant risks relating to our employees arise from work-related accidents and an impairment of the work environment, including an impact on the employees’ motivation and health. Neglecting to effectively address these risks could result in harm to our employees, hinder our capacity to attract suitable talent, and tarnish our overall business reputation. To mitigate those risks, the Group is focused 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 a continued low level.

In 2023, the KRUUSE Group experienced several safety incidents, primarily concentrated in warehouse and production areas, prompting a thorough review and analysis of our safety practices.

Number of safety incidents occurred in 2023 compared to 2022.

2023 (2022)	Lost Time Injuries (LTI)	Accidents without absence	Nearby accidents*
Warehouse/Production	4 (4)	20 (20)	76 (55)
Administration	1 (0)	3 (3)	3 (13)

*reported

The total count of LTIs (Lost Time Injuries) in the Group for 2023 stands at five. While progress has been made in some areas, challenges persist in achieving our safety and operational goals. The development, especially for our warehouse/production-area, indicates a focused effort on root cause analysis and corrective actions in 2024 in order to decrease these numbers. Provided recommendations serve as a roadmap for improvement in 2024, ensuring a safer and healthier work environment for our employees at Kruuse Group.

Overall, we evaluate that our activities in 2023 have contributed positively to maintaining good conditions for our employees. The focus on employee-related social responsibilities continues to be of big importance for the Group. The work towards this responsibility is expected to remain at this level or even increase in the future.

Human rights

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 Group’s focus on ensuring maintenance of corporate social responsibility, including human rights and work environment conditions, is primarily aimed at the Group’s foreign suppliers of which a major share is in Asia.

The Group integrates the consideration for corporate social responsibility by imposing requirements on both current and prospective suppliers. We are screening our existing supplier base, and auditing selected suppliers where we will deselect suppliers who do not meet our demands for corporate social responsibility and fair treatment of workers throughout our supply chain.

MANAGEMENT COMMENTARY

Corporate social responsibility (CSR) report (continued)

As of 2023, we are pleased to report that a total of 61 audits were conducted at our brand suppliers, providing us with firsthand insights into operational processes and working conditions. 51 of these audits were performed onsite and additionally 10 audits were executed as desktop assessments, rigorously reviewing documentation and procedures to confirm adherence to, among others, our ethical guidelines.

Focus on human rights continues to be of big importance for the Group. The work towards this responsibility is expected to remain at this level or even increase in the future.

Impact on environment and climate

Facing the risk 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 have committed to Extended Producer Responsibility (EPR).

In alignment with that, we have successfully developed a comprehensive tool designed for the collection of master data pertaining to packaging across our own brands. Commencing the testing phase at the end of 2023, this initiative is set to conclude in 2024.

The primary objective of this tool is to streamline the collection of master data for packaging materials. By leveraging this innovative solution, we aim to optimize our packaging practices with the overarching goal of reducing the overall consumption of packaging materials.

Throughout the testing phase, the tool demonstrated its efficacy in efficiently gathering essential master data related to packaging. This data encompasses critical information that will contribute to in-formed decision-making in our ongoing efforts to minimize our environmental footprint.

As we progress into 2024, the project is on track to be officially closed, marking a significant milestone in our commitment to EPR. The implementation of this tool reinforces our dedication to sustainable practices and aligns with our broader strategy to contribute positively to environmental conservation.

By systematically collecting master data, we empower ourselves to make informed choices that not only align with regulatory requirements but also advance our sustainability goals. This initiative not only reflects our commitment to EPR but positions us as industry leaders in adopting innovative solutions for a more sustainable and responsible future.

The previously mentioned 61 audits - conducted in 2023 - are marking a significant milestone in our ongoing commitment to e.g. sustainability. In addition to our insights into the ethical aspects, we obtained confirmation in adherence to our sustainability requirements as well.

These audits serve as a crucial tool for evaluating the sustainability and ethics of our supply chain practices. By conducting thorough assessments, we not only meet industry standards but also surpass them, fostering an environmentally responsible and ethically sound supply chain.

Our dedication to sustainable sourcing goes beyond mere rhetoric and forms an integral part of our operational ethos. These comprehensive audits not only validate our commitment but also provide valuable insights that drive continuous improvement in our supply chain practices.

Our commitment to responsibility, transparency, and fairness remains steadfast. We are poised to advance our sustainable sourcing initiatives, ensuring that our supply chain not only addresses the challenges of today but also sets the standard for a more sustainable and ethical future.

Furthermore, we understand and recognize that our transport of and disposal of products may inadvertently carry a risk of impacting the environment negatively, which must be dealt with and limited where possible. We work towards mitigating these risks in our daily work and through our business strategy.

MANAGEMENT COMMENTARY

Corporate social responsibility (CSR) report (continued)

Anti-corruption and bribery

The primary 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 many of our stakeholders. We work actively to discourage any form of corruption and bribery in connection with our activities and we have policies to prevent these.

The policy includes but is not limited to 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.

We are not aware of any violations relating to corruption or bribery in 2023.

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

Report of target figures and policies for the under-represented gender

Gender distribution within Management

	2023	2022
Number of members of the supreme management body.....	3	3
Under-represented gender, share in % of the supreme management body.....	0%	0%
Number of people at other management levels.....	1	1

In the most recent financial year the Company employed less than 50 employees, for which reason the Company is not obligated to set target figures and prepare a policy for increasing the share of the under-represented gender at the other management levels of the Company.

Target figures for the supreme management body

	2023	2022
Target figures in % for the supreme management body.....	33%	33%
Year, in which the target figures are expected to be met.....	2026	2023

Status of meeting the target figures set for the supreme management body

- The company is working on increasing the share of the underrepresented gender in the Management, because the Group seeks to reflect the diversity of society and does not tolerate discrimination based upon grounds such as gender, race, sexual orientation, color, national origin, religion or age. This is part of the Group’s recruitment policy across all levels.
- The company has an objective that at least one member of the board elected at the Group’s Annual General Meeting must be female within the next three years (end of 2026).

The goal for 2023 were that at least 33% of the board of directors were female. This target was not achieved and there was no change in the members of the board. The Group is aiming to meet the diversity goals but is aware of and limited by the particular supply of management candidates with the required competences. The Group has been in the process of vetting candidates with the focus on achieving our diversity goals but is at the same time focused on finding the right candidate for the job.

MANAGEMENT COMMENTARY

Report of target figures and policies for the under-represented gender (continued)

- Group:

The focus of the Group has been to achieve a more equal distribution on all management levels in the larger subsidiaries such as Jørgen Kruuse A/S. Jørgen Kruuse A/S has a higher degree of complexity and would therefore be more beneficial to the Group as a whole with a more diverse input from management. The goals set for Jørgen Kruuse A/S were achieved in 2023.

To fulfill the objective, and further the process of achieving diversity within the top management levels the Group aims to continuously hire more female executive and mid-level managers with the desired competences when the opportunity arises. To support this goal the Group has made sub-goals, which aims at creating a more equal and diverse hiring process and supporting the underrepresented gender in training and further education to strengthen and build management competencies.

Amongst these new initiatives a mentorship program has been established globally across the Covetrus Group. The program aims at teaching and supporting women cross the world to strengthen and expand their leadership and management skills. An employee from management is connected to a female employee within the Group. The individual sub-goals and timeframes are different, but they are all aiming at the same target.

Within the Group's management levels two persons are currently mentoring female employees in other Covetrus companies. It is our goal that this number will grow to 3 mentors within the next three years. We will achieve this by making the program more visible at all management levels the next year.

Report of data ethics

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

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

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

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent Company	
		2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
NET REVENUE	1	824,842	719,455	0	0
Work performed by the entity and capitalised.....		1,244	155	0	0
Other operating income.....	2	4,810	4,554	0	0
Expenses for raw materials and consumables.....		-536,070	-411,430	0	0
Other external expenses.....	3	-76,427	-108,248	-348	-403
GROSS PROFIT/LOSS		218,399	204,486	-348	-403
Staff costs.....	4	-125,038	-143,712	0	0
Depreciation, amortisation and impairment losses for tangible and intangible assets.....		-36,314	-36,166	0	0
Other operating expenses.....		-4	0	0	0
OPERATING PROFIT		57,043	24,608	-348	-403
Income from investments in subsidiaries.....		0	0	44,922	15,725
Other financial income.....		3,637	2,314	119	7
Other financial expenses.....		-1,963	-3,195	-135	0
PROFIT BEFORE TAX		58,717	23,727	44,558	15,329
Tax on profit/loss for the year.....	5	-14,767	-7,930	50	87
PROFIT FOR THE YEAR	6	43,950	15,797	44,608	15,416

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Development projects completed, including patents and similar rights originating from development projects.....		518	589	0	0
Customer relations.....		61,774	76,756	0	0
Acquired rights.....		4,532	7,736	0	0
Acquired patents.....		0	0	0	0
Goodwill.....		55,221	69,917	0	0
Development projects in progress and prepayments for intangible assets.....		1,681	32	0	0
Intangible assets.....	7	123,726	155,030	0	0
Other plant, fixtures and equipment.....		8,366	7,655	0	0
Property, plant and equipment...	8	8,366	7,655	0	0
Investments in subsidiaries.....		0	0	398,533	363,822
Financial non-current assets.....	9	0	0	398,533	363,822
NON-CURRENT ASSETS.....		132,092	162,685	398,533	363,822
Finished goods and goods for resale.....		169,030	186,342	0	0
Prepayments.....		6,621	2,768	0	0
Inventories.....		175,651	189,110	0	0
Trade receivables.....		89,560	72,795	0	0
Receivables from group enterprises.....		29,402	25,671	22,079	14,771
Deferred tax assets.....	10	1,033	2,021	0	0
Other receivables.....		5,307	6,687	0	0
Joint tax contribution receivable...		0	0	14,798	10,571
Prepayments.....	11	2,821	4,829	0	0
Receivables.....		128,123	112,003	36,877	25,342
Cash and cash equivalents.....		129,207	59,602	933	5,261
CURRENT ASSETS.....		432,981	360,715	37,810	30,603
ASSETS.....		565,073	523,400	436,343	394,425

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Share Capital.....		52	52	52	52
Reserve for net revaluation under the equity method.....		0	0	33,881	0
Reserve for development costs.....		1,715	485	0	0
Fair value reserve for currency translation of foreign entities.....		-6,256	-3,874	0	0
Retained earnings.....		357,066	385,170	324,284	386,768
Proposed dividend.....		70,000	0	70,000	0
EQUITY.....		422,577	381,833	428,217	386,820
Provision for deferred tax.....	12	13,052	16,250	0	0
Other provisions.....	13	4,498	4,906	0	0
PROVISIONS.....		17,550	21,156	0	0
Other non-current liabilities.....		7,751	7,554	0	0
Non-current liabilities.....	14	7,751	7,554	0	0
Bank debt.....		0	12	0	12
Trade payables.....		63,168	44,409	106	124
Debt to Group companies.....		9,593	11,286	481	459
Corporation tax payable.....		4,654	9,448	7,539	7,010
Other liabilities.....		39,210	47,702	0	0
Deferred income.....	15	570	0	0	0
Current liabilities.....		117,195	112,857	8,126	7,605
LIABILITIES.....		124,946	120,411	8,126	7,605
EQUITY AND LIABILITIES.....		565,073	523,400	436,343	394,425
Contingencies etc.	16				
Charges and securities	17				
Related parties	18				
Information on unusual circumstances	19				
Significant events after the end of the financial year	20				

EQUITY

DKK '000	Group						Total
	Share Capital	Reserve for development costs	Fair value reserve for translation of currency reserve for foreign entities	Retained earnings	Proposed dividend		
Equity at 1 January 2023.....	52	485	-3,874	385,171	0	381,834	
Proposed profit allocation, see note 6.....				-26,050	70,000	43,950	
Other legal bindings							
Revaluations in the year.....				-825		-825	
Transfers							
Transfer to/from reserves.....		1,230		-1,230		0	
Change fair value reserves							
Value adjustments in the year.....			-2,382			-2,382	
Equity at 31 December 2023.....	52	1,715	-6,256	357,066	70,000	422,577	

DKK '000	Parent Company					Total
	Share Capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend		
Equity at 1 January 2023.....	52	0	386,768	0	386,820	
Proposed profit allocation, jf. note 6.....		33,881	-59,273	70,000	44,608	
Other legal bindings						
Foreign exchange adjustments.....			-2,382		-2,382	
Revaluations in the year.....			-829		-829	
Equity at 31 December 2023.....	52	33,881	324,284	70,000	428,217	

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group	
	2023 DKK '000	2022 DKK '000
Profit/loss for the year.....	43,950	15,797
Depreciation and amortisation, reversed.....	36,314	36,166
Tax on profit/loss, reversed.....	14,767	7,930
Corporation tax paid.....	-19,990	-27,480
Change in inventories.....	13,459	-3,412
Change in receivables (ex tax).....	-17,108	455
Change in other provisions.....	-3,606	0
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility).....	8,935	-12,417
Other adjustments.....	671	1,256
CASH FLOWS FROM OPERATING ACTIVITY.....	77,392	18,295
Purchase of intangible assets.....	-1,832	-28,750
Purchase of property, plant and equipment.....	-3,925	-2,772
Sale of property, plant and equipment.....	0	46
Sale of financial assets.....	-2,030	0
CASH FLOWS FROM INVESTING ACTIVITY.....	-7,787	-31,476
Change in bank debt.....	0	-70,479
CASH FLOWS FROM FINANCING ACTIVITY.....	0	-70,479
CHANGE IN CASH AND CASH EQUIVALENTS.....	69,605	-83,660
Cash and cash equivalents at 1 January.....	59,602	143,262
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	129,207	59,602
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	129,207	59,602
CASH AND CASH EQUIVALENTS.....	129,207	59,602

NOTES

	<u>Group</u>		<u>Parent Company</u>		Note
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	
Net revenue					1
Segment details (geography)					
Denmark.....	296,255	194,051	0	0	
Europe, Middle East and Africa.....	339,026	340,445	0	0	
Asia-Pacific.....	103,558	102,899	0	0	
Americas.....	86,003	82,060	0	0	
	824,842	719,455	0	0	

Other operating income 2
Other operating income primarily consists of wage subsidies.

	<u>Group</u>		<u>Parent Company</u>		Note
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	
Fee to statutory auditor					3
Specification of fee:					
Statutory audit.....	1,598	1,356			
Other services.....	209	9			
	1,807	1,365			

NOTES

	Group		Parent Company		Note
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000	
Staff costs					4
Average number of full time employees	223	242	0	0	
Wages and salaries.....	106,569	121,374	0	0	
Pensions.....	14,718	17,228	0	0	
Social security costs.....	3,751	5,110	0	0	
	125,038	143,712	0	0	
Remuneration of Management and Board of Directors.....	5,623	8,668	0	0	
	5,623	8,668	0	0	
Special incentive programmes					
<p>In 2023 the group has issued a 161.000 options in an phantom share option scheme for executive management and senior executives handled by the ultimate parent company. The options entitles the holder to receive an equivalent number of options in the ultimate parent company, under certain conditions, including achievement of agreed targets within a period of 4 to 5 years from the date of issue.</p> <p>The price of the options at the time of issue has been calculated based on the share capital in the ultimate parent using the current intrinsic value and compounded using the risk-free interest rate of 4,09% and regulated for dividend.</p> <p>The stock is set at a strike price of USD 10 per share.</p> <p>Half of the restricted stock gives the holder the right to receive the options free of charge under the assumption of continued employment.</p> <p>The other half of the options are dependend on financial goals and the potential return on the initial investment made by the ultimate parent company during the delisting end 2022. The performance based options has a duration of maximum 10 years.</p> <p>The return on these options are calculated using the Multiple on invested capital return (MoIC).</p> <p>The cost of the program is amortized over the vesting periode of 5 years for a total of DKK '000 595 in 2023.</p>					
Tax on profit/loss for the year					5
Calculated tax on taxable income of the year.....	17,056	13,758	-50	-87	
Adjustment of tax in previous years..	-79	41	0	0	
Adjustment of deferred tax.....	-2,210	-5,869	0	0	
	14,767	7,930	-50	-87	
Proposed distribution of profit					6
Proposed dividend for the year.....	70,000	0	70,000	0	
Allocation to reserve for net revaluation under the equity method....	0	0	33,881	0	
Retained earnings.....	-26,050	15,797	-59,273	15,416	
	43,950	15,797	44,608	15,416	

NOTES

Intangible assets Note
7

DKK '000	Group		
	Development projects completed, including patents and similar rights originating from development projects	Customer relations	Acquired rights
Cost at 1 January 2023.....	716	177,171	20,398
Transfer.....	0	0	-202
Additions.....	0	0	386
Cost at 31 December 2023.....	716	177,171	20,582
Amortisation at 1 January 2023.....	127	100,416	12,662
Amortisation for the year.....	71	14,981	3,388
Amortisation at 31 December 2023.....	198	115,397	16,050
Carrying amount at 31 December 2023.....	518	61,774	4,532
		Group	
DKK '000	Acquired patents	Goodwill	Development projects in progress and prepayments for intangible assets
Cost at 1 January 2023.....	25,133	168,962	33
Exchange adjustment at closing rate.....	0	-190	0
Transfers to/from other items.....	0	0	202
Additions.....	0	0	1,446
Cost at 31 December 2023.....	25,133	168,772	1,681
Amortisation at 1 January 2023.....	25,133	99,048	0
Exchange adjustment at closing rate.....	0	-131	0
Amortisation for the year.....	0	14,634	0
Amortisation at 31 December 2023.....	25,133	113,551	0
Carrying amount at 31 December 2023.....	0	55,221	1,681

Development costs consist of projects in progress of new/unique products and development of an international eCommerce platform with expected market launch in 2024 ('000 DKK 1,681).

Market research shows a demand for the these specific unique products.

The eCommerce platform shall drive growth and expand proprietary brands within Clinics and Distributors.

It also consists of completed development projects that have been launched to markets in 2023 ('000 DKK 518).

NOTES

		Note
Property, plant and equipment		8
	Group	
	<u>Other plant, fixtures and equipment</u>	
DKK '000		
Cost at 1 January 2023.....	14,736	
Exchange adjustment at closing rate.....	-97	
Additions.....	3,925	
Disposals.....	-496	
Cost at 31 December 2023.....	18,068	
Depreciation and impairment losses at 1 January 2023.....	7,083	
Exchange adjustment.....	-30	
Reversal of depreciation of assets disposed of.....	-496	
Depreciation for the year.....	3,145	
Depreciation and impairment losses at 31 December 2023.....	9,702	
Carrying amount at 31 December 2023.....	8,366	
Financial non-current assets		9
	Parent Company	
	<u>Investments in subsidiaries</u>	
DKK '000		
Cost at 1 January 2023.....	364,652	
Cost at 31 December 2023.....	364,652	
Revaluation at 1 January 2023.....	-830	
Exchange adjustment.....	-2,382	
Dividend.....	-7,000	
Profit/loss for the year.....	44,922	
Other adjustments.....	-829	
Revaluation at 31 December 2023.....	33,881	
Carrying amount at 31 December 2023.....	398,533	

NOTES

	Note
Fixed asset investments (continued)	9
Investments in subsidiaries	
Name and domicile	Ownership
Projectsilver ApS, Langeskov, Denmark.....	100 %
Jørgen Kruuse A/S, Langeskov, Denmark.....	100 %
Kruuse Svenskab AB, Huddinge, Sweden.....	100 %
Next2Vet AB, Sweden.....	100 %
Kruuse Norge AS, Drøbak, Norway.....	100 %
Kruuse UK Ltd., Sheffield, UK.....	100 %
Kruuse Polska Sp. z o. o., Srem, Poland.....	100 %
Kruuse Hong Kong Ltd., Hong Kong.....	100 %
Kruuse Shanghai, Co. Ltd., China.....	100 %
E-Vet A/S, Haderslev, Denmark.....	100 %
 Deferred tax assets	 10
The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.	
Deferred tax assets, beginning of year.....	2,021 371 0 0
Deferred tax of the year, income statement.....	-988 1,650 0 0
Deferred tax assets 31 December 2023.....	1,033 2,021 0 0
Recognized as follows:	
Deferred tax (assets).....	1,033 2,021 0 0
	1,033 2,021 0 0
Deferred tax assets relate to unused tax deductions in the form of time differences. On the basis of budgets, management has assessed that there will be future taxable income in which unused tax deductions can be used.	
 Prepayments	 11
Accruals recognised as assets include costs incurred relating to subsequent financial years. The costs relate to prepaid insurances, licenses and travelling expenses.	
 Provision for deferred tax	 12
The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.	

NOTES

					Note
Deferred tax, beginning of year.....	16,250	17,249	0	0	
Deferred tax of the year, income statement.....	-3,198	-999	0	0	
Provision for deferred tax 31 December 2023.....	13,052	16,250	0	0	
It is recognized as follows:					
Deferred tax (provision).....	13,052	16,250	0	0	
	13,052	16,250	0	0	
Other provisions					13
0-1 year.....	4,498	4,906	0	0	
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.					
Long-term liabilities					14
	Group				
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities	
Other non-current liabilities.....	7,751	0	7,134	7,554	
	7,751	0	7,134	7,554	
Deferred income					15
Accruals recognised as liabilities include costs included relating to deferred revenue, invoiced not delivered.					
Contingencies etc.					16
Joint liabilities					
The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.					
Tax payable of the group's jointly taxed income amounts to DKK ('000) 4,654 at the Balance Sheet date.					
Charges and securities					17
None.					

NOTES**Note****Related parties****18**

Name and registered office of the Parent preparing consolidated financial statements for the largest group: The Group is included in the consolidated financial statements of the parent company, Covetrus Inc., Dublin, Ohio, USA.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Covetrus B.V., Cuijk, Netherland.

Controlling interest

Covetrus B.V., Cuijk, Netherland, is the principal shareholder.

Transactions with related parties

The Company did not carry out any material 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.

Information on unusual circumstances**19**

The company has made some organizational restructuring in the second half of 2022 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 af total of DKK'000 16,351.

Significant events after the end of the financial year**20**

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

ACCOUNTING POLICIES

The Annual Report of Projectgold ApS for 2023 has been presented in accordance with the provisions of the Danish large-size Financial Statements Act for enterprises in reporting class C .

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

Comparative figures

In the annual report 2022 expenses were included in other external expenses, which should have been correctly classified as expenses for raw materials and consumables. Also expenses were included in staff costs, which should have been correctly classified as other external expenses.

The change of classification has been incorporated into the comparative figures of the annual report for 2023.

The comparative figures for expenses for raw materials and consumables have been increased by DKK'000 12,501, staff costs have been decreased by DKK'000 7,610 and other external expenses have been reduced by DKK'000 4,891 in the income statement.

The change has no effect on the net profit or loss for 2022. The equity and balance sheet total for 2022 have not been affected.

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company Projectgold ApS and the subsidiaries in which Projectgold ApS directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or established enterprises are recognised in the Consolidated Financial Statements from the date of acquisition. Sold or wound-up enterprises are recognised in the Consolidated Income Statement up to the date of disposal. Comparative figures are not adjusted for newly acquired, sold or wound-up enterprises.

The date of takeover is the date at which the Group gains actual control over the acquired enterprise.

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.

At calculation of the fair value of investment properties, a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, using an overall assessment of the production equipment. Deferred tax of the acquired reassessments with the exception of goodwill is recognised.

Positive differences (goodwill) between the acquisition value and fair value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill and amortised systematically in the Income Statement under an individual assessment of the useful life.

Negative differences are recognised in the Income Statement at the date of acquisition. The difference from acquired enterprises is DKK ('000) 0.

ACCOUNTING POLICIES

At acquisition of new companies, in which there are minority interests, the minority interests are recognised and measured at fair value, inclusive of goodwill on the share of the minority interests.

Equity interests in subsidiaries are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the date of takeover.

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

INCOME STATEMENT

Net revenue

Net revenue from the 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 and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and 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.

Own work capitalised comprises staff costs incurred in the financial year and recognised in cost for proprietary intangible assets and software.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Work performed by the entity and capitalised

Work performed by the entity and capitalised comprises staff costs incurred in the financial year and is included in the the cost price for self-developed intangible fixed assets.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs

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

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

ACCOUNTING POLICIES

Income from investments in subsidiaries

The Income Statement of the Parent Company recognises the proportional share of the results of subsidiaries determined according to the Parent Company's accounting policies and after full elimination of intercompany profits/losses and deduction of amortisation of goodwill. resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

Profits from sale are recognized, if the economic rights related to the sold subsidiaries are transferred. However, not before the profit is realised or regarded as realisable. Moreover, realised losses besides impairments are recognised when they are demonstrated.

Financial income and expenses

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

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to 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 amortisation. Goodwill and customer relations are amortised on a straight-line basis over the expected useful life which is estimated to 10-12 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.

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.

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

Development projects comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the Company's development activities and which fulfil the criteria for recognition in the Balance Sheet.

The accounting item is measured at the lower of the capitalised costs less accumulated amortisation and recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the recoverable amount if this is lower than the carrying amount.

ACCOUNTING POLICIES

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

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

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

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

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

	Useful life	Residual value
Other plant, fixtures and equipment.....	3-10 years	0 %

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

Financial non-current assets

Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

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 of remaining additional values and goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement upon acquisition of the Equity interest. Where the negative goodwill is related to takeover of contingent liabilities, the negative goodwill is not recognised before the contingent liabilities are settled or cancelled.

Acquired enterprises are subject to the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date, which is the time for obtaining control. The purchase consideration consists of the fair value of the agreed consideration in the form of transferred assets and liabilities. If a part of the purchase consideration is contingent on future events or compliance with agreed terms, this part of the purchase consideration is recognised at fair value at the date of acquisition. Subsequent regulations of the contingent purchase consideration are recognised in the Income Statement.

The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models. A discounted cash flow model is used to calculate the fair value of investment properties based on a discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, based on an overall assessment of the production equipment. The acquisition date is the date on which the Company gains actual control over the acquired entity.

Ascertained excess values in relation to the underlying company's equity value are recognised and measured in accordance with the accounting policies for the assets and liabilities, to which they attributable.

ACCOUNTING POLICIES

Consolidated goodwill and customer relations are amortised over the expected useful life, which is determined on the basis of Management's experience within the individual lines of business. Consolidated goodwill and customer relations are amortised on a straightline basis over the amortisation period, which is 10-12 years. The amortisation period is determined on the basis of an assessment of the acquired entity's market position and earnings profile, and the industry-specific condition.

Received dividend is deducted in the carrying amount of the equity investment.

Net revaluation of investments in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Investments in subsidiaries with negative equity value are measured at DKK 0. Any receivables with these companies are written off, to the extent that the receivable is uncollectible from a specifically assessed indication of impairment. To the extent that the Parent Company has a legal or actual obligation to cover a negative balance which exceeds the receivable, the remainder is recognised under provisions for liabilities.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are assessed annually 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 recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories

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

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 the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

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

ACCOUNTING POLICIES

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets

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

Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructurings etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated on the contract.

Tax payable and deferred tax

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

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 tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

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 carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

ACCOUNTING POLICIES

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction 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 loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Accruals, liabilities

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

CASH FLOW STATEMENT

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

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 interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include cash at bank and in hand and short-term securities, for which there is only negligible risk of changes in value, and which are readily negotiable for cash at bank and in hand.