

Projectgold ApS

Havretoften 4
5550 Langeskov
CVR No. 36909412

Annual report 2022

The Annual General Meeting adopted the
annual report on 30.06.2023

Mads Bonne Alkærsig

Chairman of the General Meeting

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Entity details

Entity

Projectgold ApS

Havretoften 4

5550 Langeskov

Business Registration No.: 36909412

Date of foundation: 01.06.2015

Registered office: Kerteminde

Financial year: 01.01.2022 - 31.12.2022

Phone number: +45 72 14 15 11

Board of Directors

Graham Micheal Rhodes, Chairman

Tino Bendix

Mads Bonne Alkærsig

Executive Board

Mads Bonne Alkærsig

Bank

Bank Mendes Gans

Herengracht 619

1017 CE Amsterdam, Netherlands

Auditors

BDO Statsautoriseret Revisionsaktieselskab

Fælledvej 1

5000 Odense C

Business Registration No.: 20222670

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 01.01.2022 - 31.12.2022.

The annual report is presented 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Langeskov, 30.06.2023

Executive Board

Mads Bonne Alkærsig

Board of Directors

Graham Micheal 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 parent financial statements of Projectgold ApS for the financial year 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the 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 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 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

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, 30.06.2023

BDO Statsautoriseret Revisionsaktieselskab

CVR No. 20222670

Jesper Bechsgaard Jørgensen

State Authorised Public Accountant

Identification No (MNE) mne31412

Management commentary

Financial highlights

	2022	2021	2020	2019	2018
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	719,455	790,921	679,445	666,138	659,490
Gross profit/loss	212,096	257,786	226,022	188,903	175,062
Operating profit/loss	24,608	89,271	52,668	8,704	(11,900)
Net financials	(881)	(499)	1,258	(52)	(13,748)
Profit/loss for the year	15,798	67,303	38,353	4,848	(23,272)
Balance sheet total	523,401	608,146	705,789	693,743	586,194
Investments in property, plant and equipment	2,772	3,456	5,041	3,544	2,024
Equity	381,836	369,909	392,813	28,733	67,147
Average number of employees	242	227	238	252	246
Ratios					
Gross margin (%)	29.48	32.59	33.27	28.36	26.55
Net margin (%)	2.20	8.51	5.64	0.73	(3.53)
Return on equity (%)	4.20	17.65	18.20	10.11	(31.08)
Equity ratio (%)	72.95	60.83	55.66	4.14	11.45
Revenue per employee	2,973	3,484	2,855	2,643	2,680
Index for net revenue	109.09	119.93	103.03	101.01	100.00

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

Gross margin (%):

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

Net margin (%):

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

Return on equity (%):

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

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Revenue per employee:

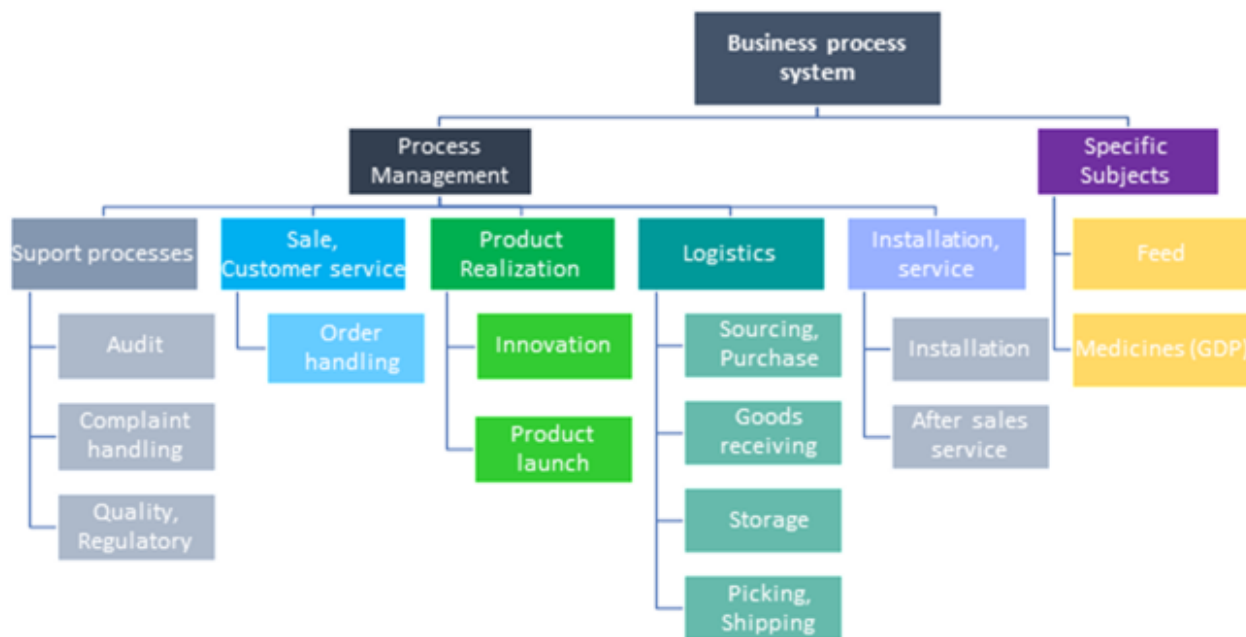
$\frac{\text{Revenue}}{\text{Average number of employees}}$

Primary activities

The group’s main 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 veter-inary distributors in over 100 countries.

The Group's business model

Reference is also made to the description of principal activities.



Development in activities and finances

The group’s income statement shows a profit before tax of DKK 23.73 m, a decrease of DKK 65.04 m / 73.27% against 2021. The balance sheet on 31 December 2022 shows an equity amount of DKK 381.84 m and a balance sheet total of DKK 523.40 m. During the year, the Swedish company Next2vet AB, has been acquired to increase the market share on the Swedish market. For more information see section “Profit/loss for the year in relation to expected developments”.

Particular risks

The 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 currently ensure high service and quality at competitive prices.

The goal is to maintain a strong market position, ensure high service quality and competitive prices. In order to strengthen the continued strong market position, service, quality and competitive prices processes are in place in all areas to proactively prevent and minimize risks.

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

Foreign exchange risks:

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

Exchange adjustments of investments in subsidiary enterprises, which are independent entities, are recognized directly in the equity. Related exchange risks are generally not hedged because it is the 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 in relation to expected developments

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

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

Outlook

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

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

Environmental performance

The 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 location in Langeskov with an external supplier.

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

Actions 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 replacement to new LED lights throughout the headquarter facilities.

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

Research and development activities

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

Statutory report on corporate social responsibility

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

Employees

We assess that most significant risk relating to employees could be work-related accidents and an impairment of the work environment, including impact on the employees' motivation and health. Failure to manage those risks may lead to damage on employees, our ability to attract the right employees, and our general reputation as a business. To mitigate those risks, the 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 organization has increased focus on analyzing "near-miss-accidents" and has taken steps to changes which may help the prevention of work-related accidents. The group has also decided to expand the internal work environment organization to ensure a greater breadth, focusing on several different work areas within the group. The greater breadth means that several work environment projects can be worked at the same time. No serious work-related accidents happened in the most recent financial year (4 work related accidents has been reported in 2022). It is the group's goal that work-related accidents should not happen.

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

Human rights

We assess that the most significant risk in relation to human rights might be that suppliers violate internationally accepted principles on human rights or work environment provisions, including the use of child- or forced labor. Failure to manage this risk may result in adverse publicity and criticism as well as interruption of deliveries to our operation. The 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 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 fulfill social responsibility and ensures that they comply with local work environment provisions, decent pay and work conditions for their employees and do not use child or forced labor, etc. The same applies to sub-suppliers aim at ensuring a healthy and safe work environment for their employees to prevent accidents or health implications.

Our ongoing evaluation of suppliers in 2022 did not result in any comments in this respect. Moreover, we are not aware of any violations of human rights in the group in 2022. Focus on human rights 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.

Impact on environment and climate

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

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

According to the 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.

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

Anti-corruption and bribery

We assess that the most important risk in relation to corruption and bribery is that our employees or distributors use gifts, payments, or other means to, unjustified, influence customers or stakeholders or vice versa that can

cause inappropriate business decisions or gain an unfair advantage. This may have an impact on our reputation and possibilities of building confidence with a large number of our stakeholders. We work actively on discouraging any form of corruption and bribery in connection with our activities. We are not aware of any violations relating to corruption or bribery in 2022.

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

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

Statutory report on the underrepresented gender

The group is working on increasing the share of the underrepresented gender in the Management because diversity is considered a strength. The group seeks to reflect 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 levels.

The group has an objective that at least one member of the board elected at the group's Annual General Meeting must be female in 2023. To fulfill this objective, to meet this goal is to continuously hire more female executive and mid-level managers with the desired competences when the opportunity arises and continue to focus on the importance of diversity in this area.

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

At the end of 2022 the gender balance is:

- Board of directors: 0% female and 100% males.
- Executive board: 0% female and 100% males.

Statutory report on data ethics policy

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.

Events after the balance sheet date

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

Consolidated income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue	3	719,455	790,921
Own work capitalised		155	0
Other operating income	4	4,554	6,388
Cost of sales		(398,929)	(455,250)
Other external expenses	5	(113,139)	(84,273)
Gross profit/loss		212,096	257,786
Staff costs	6	(151,322)	(132,907)
Depreciation, amortisation and impairment losses		(36,166)	(35,608)
Operating profit/loss		24,608	89,271
Income from other fixed asset investments		0	207
Other financial income	7	2,314	859
Other financial expenses	8	(3,195)	(1,565)
Profit/loss before tax		23,727	88,772
Tax on profit/loss for the year	9	(7,929)	(21,469)
Profit/loss for the year	10	15,798	67,303

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Completed development projects	12	589	496
Acquired patents		0	0
Acquired licences		76,755	76,408
Acquired rights		7,736	8,534
Goodwill		69,918	73,770
Development projects in progress	12	33	465
Intangible assets	11	155,031	159,673
Other fixtures and fittings, tools and equipment		7,655	7,519
Property, plant and equipment	13	7,655	7,519
Other investments		0	1,186
Financial assets	14	0	1,186
Fixed assets		162,686	168,378
Manufactured goods and goods for resale		186,342	183,459
Prepayments for goods		2,768	2,239
Inventories		189,110	185,698
Trade receivables		72,795	74,861
Receivables from group enterprises		25,672	23,779
Deferred tax	15	2,021	371
Other receivables		6,687	5,834
Prepayments	16	4,829	5,964
Receivables		112,004	110,809
Cash		59,601	143,261
Current assets		360,715	439,768
Assets		523,401	608,146

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		52	52
Translation reserve		(3,875)	690
Reserve for development costs		484	749
Retained earnings		385,175	368,418
Equity		381,836	369,909
Deferred tax	15	16,250	17,249
Other provisions	17	4,906	5,434
Provisions		21,156	22,683
Other payables		7,554	7,680
Non-current liabilities other than provisions	18	7,554	7,680
Current portion of non-current liabilities other than provisions	18	34	96
Bank loans		12	70,491
Trade payables		44,408	54,096
Payables to group enterprises		11,286	10,401
Tax payable		9,448	22,225
Other payables		47,667	48,521
Deferred income	19	0	2,044
Current liabilities other than provisions		112,855	207,874
Liabilities other than provisions		120,409	215,554
Equity and liabilities		523,401	608,146
Unusual circumstances	1		
Events after the balance sheet date	2		
Contingent liabilities	21		
Group relations	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	52	690	749	368,418	369,909
Exchange rate adjustments	0	(4,565)	0	0	(4,565)
Other entries on equity	0	0	0	694	694
Transfer to reserves	0	0	(265)	265	0
Profit/loss for the year	0	0	0	15,798	15,798
Equity end of year	52	(3,875)	484	385,175	381,836

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		24,608	89,271
Amortisation, depreciation and impairment losses		36,166	35,608
Working capital changes	20	(15,374)	(80,254)
Other adjustments		1,256	2,803
Cash flow from ordinary operating activities		46,656	47,428
Financial income received		2,314	1,066
Financial expenses paid		(3,195)	(1,565)
Taxes refunded/(paid)		(27,480)	(21,143)
Cash flows from operating activities		18,295	25,786
Acquisition etc. of intangible assets		(28,750)	(183)
Acquisition etc. of property, plant and equipment		(2,772)	(3,456)
Sale of fixed asset investments		46	0
Cash flows from investing activities		(31,476)	(3,639)
Free cash flows generated from operations and investments before financing		(13,181)	22,147
Dividend paid		0	(92,000)
Short-term bank loans		(70,479)	9,664
Cash flows from financing activities		(70,479)	(82,336)
Increase/decrease in cash and cash equivalents		(83,660)	(60,189)
Cash and cash equivalents beginning of year		143,261	203,450
Cash and cash equivalents end of year		59,601	143,261
Cash and cash equivalents at year-end are composed of:			
Cash		59,601	143,261
Cash and cash equivalents end of year		59,601	143,261

Notes to consolidated financial statements

1 Unusual circumstances

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

2 Events after the balance sheet date

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

3 Revenue

	2022 DKK'000	2021 DKK'000
Denmark	194,051	187,769
Europe, Middle East and Africa	340,445	407,479
Asia-Pacific	102,899	105,802
Americas	82,060	89,871
Total revenue by geographical market	719,455	790,921

4 Other operating income

Other operating income primarily consists of wage subsidies.

5 Fees to the auditor appointed by the Annual General Meeting

	2022 DKK'000	2021 DKK'000
Statutory audit services	1,356	1,130
Other assurance engagements	0	31
Other services	9	9
	1,365	1,170

6 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	128,049	115,293
Pension costs	17,812	16,580
Other social security costs	5,461	1,034
	151,322	132,907

Average number of full-time employees	242	227
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	Remuneration of management 2022 DKK'000	Remuneration of management 2021 DKK'000
Total amount for management categories	8,668	6,272
	8,668	6,272

Special incentive programmes

Incentive programs for executive management and senior executives include restricted stock based compensation in the ultimate parent company. The options entitle the holder to receive an equivalent number of shares in the ultimate parent company under certain conditions, including achievement of agreed targets within a period of 3 to 4 years from the date of issue.

A restricted stock gives the holder the right to receive the shares free of charge subject to continued employment. The cost of the programme is amortized over the vesting period for a total of DKK ('000) 5,630 in 2022 (2021: DKK ('000) 1,402). The cost has significantly increased in 2022 as the vesting period has accelerated due to the sale of the ultimate parent company."

7 Other financial income

	2022 DKK'000	2021 DKK'000
Financial income from group enterprises	0	568
Other interest income	207	291
Exchange rate adjustments	2,107	0
	2,314	859

8 Other financial expenses

	2022 DKK'000	2021 DKK'000
Financial expenses from group enterprises	0	823
Other interest expenses	1,520	346
Exchange rate adjustments	1,675	0
Other financial expenses	0	396
	3,195	1,565

9 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	13,757	24,210
Change in deferred tax	(5,869)	(2,702)
Adjustment concerning previous years	41	(39)
	7,929	21,469

10 Proposed distribution of profit/loss

	2022 DKK'000	2021 DKK'000
Retained earnings	15,798	67,303
	15,798	67,303

11 Intangible assets

	Completed development projects DKK'000	Acquired patents DKK'000	Acquired licences DKK'000	Acquired rights DKK'000	Goodwill DKK'000
Cost beginning of year	551	25,133	161,801	17,800	157,978
Exchange rate adjustments	0	0	0	0	307
Transfers	165	0	0	0	0
Additions	0	0	15,370	2,598	10,680
Disposals	0	0	0	0	0
Cost end of year	716	25,133	177,171	20,398	168,965
Amortisation and impairment losses beginning of year	(55)	(25,133)	(85,393)	(9,266)	(84,208)
Exchange rate adjustments	0	0	0	0	(178)
Amortisation for the year	(72)	0	(15,023)	(3,396)	(14,661)
Amortisation and impairment losses end of year	(127)	(25,133)	(100,416)	(12,662)	(99,047)
Carrying amount end of year	589	0	76,755	7,736	69,918

	Development projects in progress DKK'000
Cost beginning of year	465
Exchange rate adjustments	0
Transfers	(165)
Additions	102
Disposals	(369)
Cost end of year	33
Amortisation and impairment losses beginning of year	0
Exchange rate adjustments	0
Amortisation for the year	0
Amortisation and impairment losses end of year	0
Carrying amount end of year	33

12 Development projects

Development costs consists of projects in progress of new/unique products with expected market launch in 2023 ('000 DKK 33). Market research shows a demand for the these specific unique products.

It also consists of completed development projects that have been launched to markets in 2022 ('000 DKK 589).

13 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	13,502
Exchange rate adjustments	22
Additions	2,772
Disposals	(1,559)
Cost end of year	14,737
Depreciation and impairment losses beginning of year	(5,983)
Exchange rate adjustments	(38)
Depreciation for the year	(2,606)
Reversal regarding disposals	1,545
Depreciation and impairment losses end of year	(7,082)
Carrying amount end of year	7,655

14 Financial assets

	Other investments DKK'000
Cost beginning of year	1,186
Disposals	(1,186)
Cost end of year	0
Carrying amount end of year	0

15 Deferred tax

	2022 DKK'000	2021 DKK'000
Intangible assets	(17,575)	(18,378)
Property, plant and equipment	716	614
Inventories	150	161
Provisions	3,083	1,376
Other deductible temporary differences	(603)	(651)
Deferred tax	(14,229)	(16,878)

	2022	2021
	DKK'000	DKK'000
Changes during the year		
Beginning of year	(16,878)	(19,433)
Recognised in the income statement	5,869	2,703
Other changes	(3,220)	(148)
End of year	(14,229)	(16,878)

	2022	2021
	DKK'000	DKK'000
Deferred tax has been recognised in the balance sheet as follows		
Deferred tax assets	2,021	371
Deferred tax liabilities	(16,250)	(17,249)
	(14,229)	(16,878)

Deferred tax assets

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.

16 Prepayments

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

17 Other provisions

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

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

18 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK'000	Due within 12 months 2021 DKK'000	Due after more than 12 months 2022 DKK'000
Lease liabilities	0	96	0
Other payables	34	0	7,554
	34	96	7,554

Out of the total non current liabilities, DKK ('000) 6,907 is due for payment after 5 years.

19 Deferred income

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

20 Changes in working capital

	2022	2021
	DKK'000	DKK'000
Increase/decrease in inventories	(3,412)	(81,701)
Increase/decrease in receivables	455	86,186
Increase/decrease in trade payables etc.	(12,417)	(84,739)
	(15,374)	(80,254)

21 Contingent liabilities

Contracts and agreements

The group has signed sales related licence and commission agreements with 13 persons/companies. The agreements are related to specific products and are in force as long as these products are sold. The expense is DKK ('000) 3,538 in the financial year.

Rental agreements

The group has signed a rental agreements with an annual rent of DKK ('000) 9,458 and a maximum liability until expiry of approx. DKK ('000) 17,764.

The group has signed lease agreements relating to operating equipment etc. At a total annual lease payment of DKK ('000) 3,996 and a maximum liability until expiry of DKK ('000) 11,519.

Joint liabilities

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

22 Group relations

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

For a description of the controlling interest see note 8 under parents notes.

Transactions with related parties

The Group 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.

23 Subsidiaries

	Corporate form	Ownership %
Projectsilver ApS, Langeskov, Denmark	ApS	100.0
Jørgen Kruuse A/S, Langeskov, Denmark	A/S	100.0
Kruuse UK Ltd., Sheffield, UK	Ltd	100.0
Kruuse Svenska AB, Huddinge, Sweden	AB	100.0
Next2Vet AB, Ystad, Sweden	AB	100.0
Kruuse Norge AS, Drøbak, Norway	AS	100.0
Kruuse Hong Kong Ltd., Hong Kong	Ltd	100.0
Kruuse Shanghai Co, Ltd., China	Ltd	100.0
Kruuse Polska SP z.o.o., Srem, Poland	SP z.o.o.	100.0
E-Vet A/S, Haderslev, Denmark	A/S	100.00

Parent income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Other external expenses		(403)	(320)
Gross profit/loss		(403)	(320)
Income from investments in group enterprises		15,725	68,451
Other financial income	1	7	0
Other financial expenses	2	0	(272)
Profit/loss before tax		15,329	67,859
Tax on profit/loss for the year	3	87	71
Profit/loss for the year	4	15,416	67,930

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Investments in group enterprises		363,822	351,967
Financial assets	5	363,822	351,967
Fixed assets		363,822	351,967
Receivables from group enterprises		14,771	92,010
Joint taxation contribution receivable		10,571	22,446
Receivables		25,342	114,456
Cash		5,261	0
Current assets		30,603	114,456
Assets		394,425	466,423

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		52	52
Retained earnings		386,768	375,222
Equity		386,820	375,274
Bank loans		12	69,758
Payables to group enterprises		459	0
Tax payable		7,010	21,271
Other payables		124	120
Current liabilities other than provisions		7,605	91,149
Liabilities other than provisions		7,605	91,149
Equity and liabilities		394,425	466,423
Employees	6		
Contingent liabilities	7		
Related parties with controlling interest	8		

Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	52	375,222	375,274
Exchange rate adjustments	0	(4,565)	(4,565)
Other entries on equity	0	695	695
Profit/loss for the year	0	15,416	15,416
Equity end of year	52	386,768	386,820

Notes to parent financial statements

1 Other financial income

	2022 DKK'000	2021 DKK'000
Other financial income	7	0
	7	0

2 Other financial expenses

	2022 DKK'000	2021 DKK'000
Other interest expenses	0	272
	0	272

3 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Current tax	(87)	(71)
	(87)	(71)

4 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Retained earnings	15,416	67,930
	15,416	67,930

5 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	364,651
Cost end of year	364,651
Revaluations beginning of year	(12,684)
Exchange rate adjustments	(4,565)
Share of profit/loss for the year	15,725
Other adjustments	695
Revaluations end of year	(829)
Carrying amount end of year	363,822

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

6 Employees

The average number of employees in the financial year of 2022 is 0.

The company's staff includes board of executives who do not receive remuneration.

7 Contingent liabilities

Contracts and agreements

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 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) 7,010.

8 Related parties with controlling interest

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

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.

Non-comparability

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

	DKK'000
- Other operating income	1.551
- Other external expenses	(6.412)
- Staff Costs	4.861

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial 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' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

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

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the 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 lives. 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.

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

Income statement

Net revenue

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

Own work capitalised

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 comprises of a secondary nature as viewed in relation to the Entity's primary activities and also includes subsidies from public authorities.

Cost of sales

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

Other external 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 wages and salaries, and 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, and gains and losses from the sale of intangible assets and property, plant and equipment.

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 intra-group 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, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

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

Tax on profit/loss for the year

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.

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.

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 10-12 years.

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

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.

Amortisation of noncompetition agreements, trade names and other rights over 1-5 years reflects in management's 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.

Acquired patents, licences and rights

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

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

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

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

Acquired patents, licences and rights 5-12 years

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

The residual value is 0.

Property, plant and equipment

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:

	Useful life
Other fixtures and fittings, tools and equipment	3-10 years

Estimated useful lives and residual values are reassessed annually.

The residual value is 0.

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.

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 investments 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 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.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

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.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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.

Tax payable or receivable

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

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.

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.