

Projectgold ApS

c/o Jørgen Kruuse A/S, Havretoften 4, 5550 Langeskov
CVR-nr. 36 90 94 12

Annual Report 2024

1 January - 31 December

The Annual Report has been presented and adopted at the
Company's Annual General Meeting on 27 June 2025

Mads Bonne Alkærsig

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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 Gitte Rene Uhrenholt Mads Bonne Alkærsig
Executive Board	Mads Bonne Alkærsig
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 2024.

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

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2024 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2024.

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, 27 June 2025

Executive Board

Mads Bonne Alkærsig

Board of Directors

Graham Michael Rhodes
Chairman

Gitte Rene Uhrenholt

Mads Bonne Alkærsig

Independent Auditor's Report

To the Shareholder of Projectgold ApS

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Projectgold ApS for the financial year 1 January - 31 December 2024, 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 Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the assets, liabilities and financial position of the Group or the Company at *31 December 2024* 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 2024 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements" 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 Parent Company Financial Statements

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

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, 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 Parent Company Financial Statements 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 Parent Company 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 the Parent Company Financial Statements.

Independent Auditor's Report

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Parent Company 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 Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Group Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 Parent Company Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

Independent Auditor's Report

In connection with our audit of the Consolidated Financial Statements and the Parent Company Financial Statements, 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 Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Odense, 27 June 2025

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jesper Bechsgaard Jørgensen
State Authorised Public Accountant
MNE no. mne31412

Financial Highlights of the Group

	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000
Income statement					
Net revenue	769.265	824.842	719.455	790.921	679.445
Gross profit/loss	177.290	218.400	204.486	257.786	226.022
Operating profit/loss of main activities	11.554	57.044	24.608	89.271	52.668
Financial income and expenses, net	2.743	1.674	-881	-499	1.258
Profit/loss for the year	7.576	43.951	15.797	67.303	38.353
Balance sheet					
Total assets	495.178	565.074	523.400	608.146	705.789
Equity	359.350	422.578	381.833	369.909	392.813
Cash flows					
Investment in property, plant and equipment	-5.966	-3.925	-2.772	-3.456	-5.041
Average number of full-time employees	220	223	242	227	238
Key ratios					
Gross margin	23.0	26.5	28.4	32.6	33.3
Equity ratio	72.6	74.8	73.0	60.8	55.7
Return on equity	1.9	10.9	4.2	17.6	18.2
Net margin	1.0	5.3	2.2	8.5	5.6
Index for net revenue	113	121	106	116	100
Net revenue per employee	3.497	3.699	2.973	3.484	2.855

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.

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

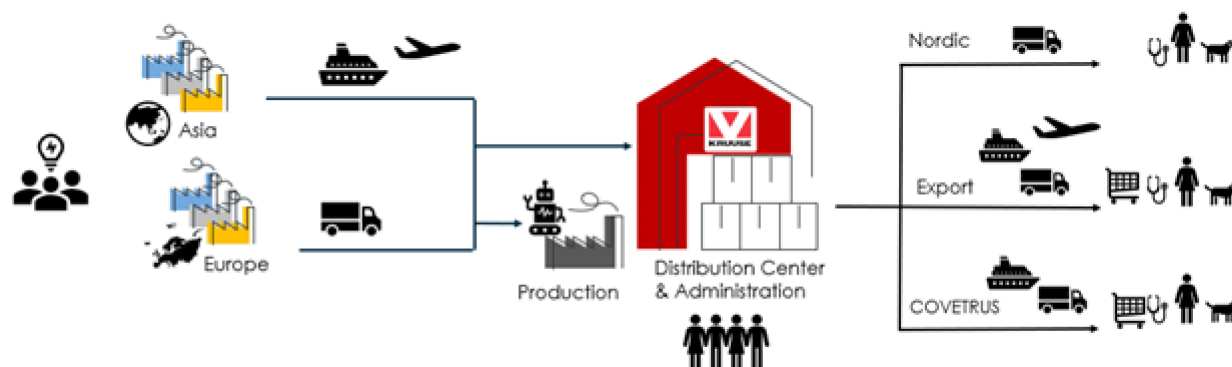
Principal activities

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, and China. The rest of the world is serviced through selected veterinary distributors in over 100 countries.

Furthermore, the Group has some development activities, which is controlled and performed at the Headquarters in Langeskov, Denmark. Development activities include small projects in the form of new products all with the purpose of preventing and relieving the pain and suffering of the pet.

Below is an overview of the value chain and business model for the Group. It shows that the Group is sourcing products from both Asia and Europe as well as having its own production site in Langeskov. From the warehouse in Langeskov Vet clinics are served every day in the Nordic region (DK, SE and NO). Furthermore, selected veterinary distributors regularly receive larger deliveries of Kruuse Branded products outside the Nordic region.

The Group's value chain including sources of freight



Development in activities and financial and economic position

The Group's income statement shows a profit before tax of DKK '000 14,296, a decrease of DKK '000 44,421 / 68 % against 2023. The balance sheet on 31 December 2024 shows an equity amount of DKK '000 359,350 and a balance sheet total of DKK '000 495,456.

During the year, Jørgen Kruuse A/S - a wholly owned subsidiary, has been part of a VAT audit by the Danish tax authorities. During the audit it has been revealed that the company has mistakenly paid too little in canteen VAT.

Therefore, an additional DKK 2,9 million has been provisioned at the end of the year to settle this VAT amount.

During the year the Group has been developing an international eCommerce platform, which is anticipated to launch in 2025, with an investment of DKK'000 13,293.

Please refer to the section below for further detailed description of the development in the financial activities.

Management Commentary

Profit/loss for the year compared to the expected development

Outlook and expectations for 2024 were a small increase in profit before tax to 60 - 65mDKK in 2024. The target was not met. Management does not consider this satisfactory. The outcome can mainly be explained by 3 factors:

Firstly, the ongoing economic instability combined with delivery challenges and delays resulted in a back-order situation on key products and caused a drop in sales and profit for the year - instead of an expected growth.

Secondly, the two currencies NOK and SEK continued to be a challenge in the two important sales markets in Norway and Sweden, as the currencies weakened even further throughout the year. The Group lost market share and profit.

Thirdly, the Group decided to make an extraordinary cleanup of its inventory, removing obsolete goods including reducing slow moving items. A larger part of the scrapping arose from PPE products (Personal protective equipment), originally purchased during the Covid pandemic.

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

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.

Financial risk

The Group has considerable sales and purchase activities in foreign currencies, has raised variable-interest loans and gives credit to customers. Moreover, group companies owe considerable amounts to the Group and the Parent Company.

Accordingly, the Group has a risk exposure in relation to changes in exchange rates, interest rates and customers' and group companies' credit rating. In addition, the Parent Company is materially exposed to changes in the subsidiaries' credit rating.

Foreign exchange risks:

The Group's revenue and earnings are related to the development of many different currencies with the most impacting being SEK, NOK, GBP, EUR and USD. The Group's import of goods mainly takes places in 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 recognized directly in the equity. Related exchange risks are generally not hedged because it is the Group's opinion that the current hedging of such long-term investments will not be optimal from an overall risk and cost viewpoint.

No positions are entered into to hedge currency risks.

Management Commentary

Financial risk (continued)

Interest rate risk:

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

No positions are entered into to hedge interest rate risks.

Credit risk:

The Group's credit to customers is in accordance with standard terms, which have been set out by Management, according to which the customers are categorised according to type.

The Groups receivables from other group companies mainly consists of trade receivables, which are settled currently.

The Parent Company does not have any security for its receivables from the subsidiaries.

Special risks

Market risks:

It is the Group Management's opinion that the most significant operating risk is attached to the ability to be strongly positioned in the markets where the products are sold and to continuously ensure high service and quality at competitive prices in a highly competitive market. 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.

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 still exposed to global economic instability the Group now finds itself in a better position and is no longer impacted by a back-order situation and has made the organizational restructuring needed.

Furthermore, the required modification of sales prices in Norway and Sweden have been made.

Management expects the Group will improve the results before tax in 2025 compared to 2024. Revenue is expected to be DKK'000 742,000, and profit before tax is expected to reach between DKK'000 40,000 - 45,000.

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.

Kruuse is a Danish brand founded in 1896. Kruuse is known for its high-quality products aimed at veterinarians all over the world. The brand operates in over 100 countries, with its head office being in Langeskov, Denmark.

At Kruuse, we want to maintain the absolute highest values, which we have held right from the start: Integrity and honesty. Accountability, credibility and respect. Compassion and solidarity. A high level of professionalism and a global outlook. It is a culture and a spirit that has given us many talented, loyal colleagues who have celebrated their 10th, 20th and 30th anniversaries of working with us.

Management Commentary

Corporate social responsibility (CSR) report (continued)

To maintain these high standards, we believe taking an active role in the work with CSR is important. The two most important pillars for the Group due to our global value chain are considered to be people and planet. All CSR challenges are continuously reviewed and monitored by the executive management and the CSR Project Group, and the risks that are considered pillar risks are incorporated into our CSR strategy.

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, anti-corruption, child labor, and environment and climate.

Governance:

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.

People:

We strive to create a Kruuse culture where integrity, honesty, compassion and solidarity are considered the core values throughout our entire value chain.

Employees:

We assess that the most significant risks relating to our employees arise from work-related accidents and the impairment of the workers caused by the work environment, including an impact on the employees' motivation and mental 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 the risk of impaired workers 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, as well as health insurance. The Group's goal is to maintain a continued low level of absence due to sickness. All health policies and safeguards are evaluated regularly.

To ensure a physically safer work environment the Group is focused on reporting all incidents as well as nearby incidents. These reports are reviewed quarterly in order to try and prevent future incidents.

In 2024, 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 2024 compared to 2023.

2024 (2023)	Lost Time Injuries (LTI)	Accidents without absence	Nearby accidents*
Warehouse/Production	2 (4)	13 (20)	66 (76)
Administration	2 (1)	2 (3)	11 (3)
*reported			

The total count of LTIs (Lost Time Injuries) for the Group in 2024 was 4 (5 2023). 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 2025 in order to decrease these numbers. Provided recommendations serve as a roadmap for improvement in 2025, ensuring a safer and healthier work environment for our employees at KRUUSE.

The focus in 2024 has been on nearby accidents to avoid LTI's and accidents. To achieve this goal the safety team has been trained in all the procedures, and regular safety walks have been implemented as a part of the training. Furthermore, a physical workplace assessment (APV survey) was conducted in Q1 2024, and based on the responses the safety team are working on improving the work environment throughout 2025.

Management Commentary

Corporate social responsibility (CSR) report (continued)

One of the most important tools to prevent LTI's and accidents are the nearby accidents, which allows us to identify potential threats. In 2024 66 nearby accidents were reported compared to the 76 reports in 2023. It is the Group management's opinion that this could indicate a shadow number of employees, which have not reported all nearby incidents. The goal for 2024 will be set at 80, hoping to encourage the employees to report all nearby incidents.

The goal for LTI's and accidents are 0.

As the numbers indicate, the continued work with workplace safety has paid off, and the overall LTI's and accidents have dropped since 2023. Even though our goal has not been met, and we realize that the goal of 0 LTI's are optimistic, it is our belief that the health and safety of our employees are of most importance, and we will continue to focus on employee-related social responsibilities.

Human rights:

One of the most significant risks to the Group is related to our global value chain. Especially the sourcing of products from Asia is considered a high-risk strategy in relations to human right violations, including but not limited to child-labor and forced labor.

Our Human Rights policies outline our expectations of all suppliers and business partners and are in line with UN Guiding Principles on Business and Human Rights.

Since we consider human rights a keystone in our business model, we are screening both our exist-ing and potential supplier base and auditing selected suppliers where we will de-select suppliers who do not meet our demands for corporate social responsibility and fair treatment of workers throughout our supply chain.

As of 2024, we have performed a total number of 67 audits (61 in 2023) of our Tier 1 suppliers. Providing us with first-hand insights into operational processes and working conditions. Reviewing documentation, procedures and production sites and talking to managers and employees to confirm adherence to, among others, our ethical guidelines and human rights policies.

The focus on and working with human rights continues to be of big importance for the Group, and we will continue to uphold our suppliers and business partners to a high standard through our audits.

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 2024.

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

Planet:

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

Management Commentary

Corporate social responsibility (CSR) report (continued)

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.

By implementing measures such as auditing all our suppliers, we 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.

Plastic and chemicals:

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). Specially the packing material is considered to have a high impact on the environment, which is why our focus in the Group has been to identify procedures to reduce the impact.

In the Group our focus has been on developing a comprehensive tool designed for the collection of master data pertaining to packaging material. In 2024 the testing phase was completed successfully, and we started implementing the tool in 2024. By the end of 2024 approximately 50% of the Group had implemented it. The plan is to finish the implementation stage in 2025, and thereafter it will be an in-tegrated part of our work with CSR and will support our aim to reduce our footprint from packing materials.

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.

By systematically collecting and analyzing master data we empower ourselves to make informed, responsible decisions that align with both environmental regulations and our own ambitious sustainability goals. This progress not only reflects our ongoing commitment to EPR but also positions us at the forefront of adopting innovative solutions for a more sustainable future.

Carbon footprint:

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. Previously, actions have been taken to conserve energy. Heating has been set to a minimum to ensure 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 and restricted to necessary trips resulting in a lower carbon footprint. Video conferencing equipment allows colleagues, customers, and vendors to connect without the need for physical travel.

Furthermore, an agreement has been established concerning the reuse and recycling of products containing batteries. However, the area where we have the greatest carbon footprint is the transportation of goods. We have a global value chain, a larger portion of our products are sourced from Asia, and shipped to our headquarter and warehouse in Denmark and then shipped around the world when sold.

We are continuously working on bringing down our carbon footprint from transportation of goods, such as trying to optimize purchase processes and monitor business partners such as the freight companies to ensure they are doing everything to minimize their footprint from transportation.

Management Commentary

Corporate social responsibility (CSR) report (continued)

Report on target figures and policies for the under-represented gender:

The Group is working on increasing the share of the underrepresented gender in 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.

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

Gender distribution within Management

	2024	2023	2022
Number of members of the supreme management body	3	3	3
Under-represented gender, share in % of the supreme management body	33%	0%	0%
Number of people at other management levels	1	1	1

Of the total number of members of the Company's supreme management body, the under-represented gender comprises 33% which meet the criterion for equal distribution of men and women. Hence, the Company is not subject to the obligation of setting a target figure for the gender distribution of the supreme management body.

Of the total number of persons at the other management levels, the under-represented gender comprises 100% which meet the criterion for equal distribution of men and women. Hence, the Company is not subject to the obligation of setting a target figure and preparing a policy for the gender distribution of the other management levels.

Management Commentary

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

The Group had an objective in 2023 that at least one member of the Board of Directors elected at the Group's Annual General Meeting must be female within the next three years. We have reached that goal in 2024, and the Board now consists of 33% females. Hence, the Company is not subject to the obligation of setting a target figure for the gender distribution of the supreme management body.

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.

To further the process of achieving a broader diversity within the Group as a whole, the Group aims to continuously hire or promote 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 initiatives our 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, to strengthen female management.

Within the Group's management levels 2 persons are currently mentoring female employees in other Covetrus companies. It is our goal that this number will grow to 3 mentors before 2027.

In the beginning of 2025, we had our first female employee who enrolled in the program as a mentee. Our goal is to support our female employees by continuously nominate prominent employees to participate in the program and thereby strengthening their leadership skills.

The program has shown great potential, and of the 4 mentees mentored by the Kruuse Group mentors, 2 now hold management positions within the Covetrus Group.

We will achieve our goals for diversity best by making the program more visible at all levels in the organization in the coming year. The visibility will be measured by participation, partially by the number of mentors as well as the number of nominations within the Group.

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 ethical policies from the ultimate parent, CVET Topco, L.P. Therefore, the Group 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	
		2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
Net revenue	1	769.265	824.842	0	0
Work performed by the entity and capitalised		3.068	1.244	0	0
Other operating income	2	1.549	4.810	0	0
Expenses for raw materials and consumables	3	-517.303	-536.070	0	0
Other external expenses	3, 4	-79.289	-76.426	-413	-347
Gross profit/loss		177.290	218.400	-413	-347
Staff costs	3, 5	-130.589	-125.038	0	0
Depreciation, amortisation and impairment losses for tangible and intangible assets		-35.138	-36.314	0	0
Other operating expenses		-9	-4	0	0
Operating profit		11.554	57.044	-413	-347
Income from investments in subsidiaries		0	0	8.224	44.922
Other financial income	6	6.213	3.637	808	119
Other financial expenses		-3.470	-1.963	-303	-135
Profit before tax		14.297	58.718	8.316	44.559
Tax on profit/loss for the year	7	-6.721	-14.767	-87	50
Profit for the year	8	7.576	43.951	8.229	44.609

Balance Sheet at 31 December

		Group		Parent Company	
	Note	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
Assets					
Development projects completed, including patents and similar rights originating from development projects		446	518	0	0
Customer relations		46.430	61.774	0	0
Acquired rights		3.075	4.532	0	0
Goodwill		40.341	55.221	0	0
Development projects in progress and prepayments for intangible assets		13.293	1.681	0	0
Intangible assets	9	103.585	123.726	0	0
Other plant, fixtures and equipment		10.042	8.366	0	0
Property, plant and equipment	10	10.042	8.366	0	0
Investments in subsidiaries		0	0	335.954	398.533
Financial non-current assets	11	0	0	335.954	398.533
Non-current assets		113.627	132.092	335.954	398.533
Finished goods and goods for resale		173.078	169.030	0	0
Prepayments		8.838	6.621	0	0
Inventories		181.916	175.651	0	0
Trade receivables		74.530	89.560	0	0
Receivables from group enterprises		16.806	29.402	29.376	22.079
Deferred tax assets	12	316	1.033	0	0
Other receivables		4.771	5.307	0	0
Corporation tax receivable		2.124	0	4.082	0
Joint tax contribution receivable		0	0	0	14.798
Prepayments	13	2.891	2.821	0	0
Receivables		101.438	128.123	33.458	36.877
Cash and cash equivalents		98.197	129.208	963	934
Current assets		381.551	432.982	34.421	37.811
Assets		495.178	565.074	370.375	436.344

Balance Sheet at 31 December

Equity and liabilities	Note	Group		Parent Company	
		2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
Share capital		52	52	52	52
Reserve for net revaluation under the equity method		0	0	0	33.881
Reserve for development costs		10.716	1.715	0	0
Fair value reserve for currency translation of foreign entities		-6.660	-6.256	0	0
Retained earnings		355.242	357.067	365.591	324.285
Proposed dividend		0	70.000	0	70.000
Equity		359.350	422.578	365.643	428.218
Provision for deferred tax	14	11.729	13.052	0	0
Other provisions	15	2.977	4.498	0	0
Provisions		14.706	17.550	0	0

Balance Sheet at 31 December

Equity and liabilities (continued)	Note	Group		Parent Company	
		2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
Other non-current liabilities		7.967	7.751	0	0
Non-current liabilities	16	7.967	7.751	0	0
Trade payables		77.678	63.168	136	106
Debt to Group companies		1.805	9.593	498	481
Corporation tax payable		0	4.654	0	7.539
Joint tax contribution payable		0	0	4.098	0
Other liabilities		33.337	39.210	0	0
Deferred income	17	335	570	0	0
Current liabilities		113.155	117.195	4.732	8.126
Liabilities		121.122	124.946	4.732	8.126
Equity and liabilities		495.178	565.074	370.375	436.344
Contingencies etc.	18				
Charges and securities	19				
Related parties	20				
Information on unusual circumstances	21				
Significant events after the end of the financial year	22				
Consolidated Financial Statements	23				

Equity

DKK '000	Group					Total
	Share capital	Reserve for development costs	Fair value reserve for currency translation of foreign entities	Retained earnings	Proposed dividend	
Equity at 1 January 2024	52	1.715	-6.256	357.066	70.000	422.577
Proposed profit allocation, see note 8				7.576		7.576
Transactions with owners						
Dividend paid					-70.000	-70.000
Other legal bindings						
Capitalized development costs		11.612		-11.612		0
Revaluations in the year				-399		-399
Transfers						
Depreciations		-72		72		0
Change fair value reserves						
Value adjustments in the year			-404			-404
Tax on changes in equity		-2.539		2.539		0
Equity at 31 December 2024	52	10.716	-6.660	355.242	0	359.350

Equity

DKK '000	Parent Company				
	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend	Total
Equity at 1 January 2024	52	33.881	324.284	70.000	428.217
Proposed profit allocation, jf. note 8		8.224	5		8.229
Transactions with owners					
Dividend paid				-70.000	-70.000
Other legal bindings					
Foreign exchange adjustments		-404			-404
Other adjustments to equity value		-399			-399
Transfers					
Receiv./decl. dividend		-70.000	70.000		0
Settlem. negative balance		28.698	-28.698		0
Equity at 31 December 2024	52	0	365.591	0	365.643

Cash Flow Statement 1 January - 31 December

	Group	
	2024 DKK '000	2023 DKK '000
Profit/loss for the year	7.576	43.951
Depreciation and amortisation, reversed	35.138	36.314
Tax on profit/loss, reversed	6.721	14.767
Corporation tax paid	-12.563	-19.990
Change in inventories	-6.265	13.459
Change in receivables (ex tax)	28.092	-17.108
Change in other provisions	-1.521	-3.606
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	485	8.935
Other adjustments	-258	671
Cash flows from operating activity	57.405	77.393
Purchase of intangible assets	-12.450	-1.832
Purchase of property, plant and equipment	-5.966	-3.925
Sale of financial assets	0	-2.030
Cash flows from investing activity	-18.416	-7.787
Dividends paid in the financial year	-70.000	0
Cash flows from financing activity	-70.000	0
Change in cash and cash equivalents	-31.011	69.606
Cash and cash equivalents at 1. januar	129.208	59.602
Cash and cash equivalents at 31 December31. december	98.197	129.208
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	98.197	129.208
Cash and cash equivalents	98.197	129.208

Notes

	Group		Parent Company	
	2024	2023	2024	2023
	DKK '000	DKK '000	DKK '000	DKK '000
1 Net revenue				
Segment details (geography)				
Denmark	275.406	296.255	0	0
Europe, Middle East and Africa	332.935	339.026	0	0
Asia-Pacific	92.494	103.558	0	0
Americas	68.430	86.003	0	0
	769.265	824.842	0	0

2 | Other operating income

Other operating income primarily consists of wage subsidies.

3 | Special items

The group has made an extraordinary write-down of the group's inventories during the financial year 2024. The cost is recognised under "Expenses for raw materials and consumables" assuming a total of DKK '000 20,001.

The group has made some organizational restructuring during the financial year 2024 resulting in a one of cost. The cost is distributed as follows: "Staff costs" DKK '000 5,006 and "Other external expense" DKK '000 150 assuming a total of DKK '000 5,156.

	Group		Parent Company	
	2024	2023	2024	2023
	DKK '000	DKK '000	DKK '000	DKK '000
4 Fee to statutory auditor				
Specification of fee:				
Statutory audit	1.850	1.598		
Other services	168	209		
	2.018	1.807		

Notes

	Group		Parent Company	
	2024	2023	2024	2023
	DKK '000	DKK '000	DKK '000	DKK '000
5 Staff costs				
Average number of full time employees	220	223	0	0
Wages and salaries	112.174	106.569	0	0
Pensions	14.464	14.718	0	0
Social security costs	3.951	3.751	0	0
	130.589	125.038	0	0
Remuneration of Management and Board of Directors	4.821	5.623	0	0
	4.821	5.623	0	0

Special incentive programmes

In 2023 the company 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. 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. The stock is set at a strike price of USD 10 per share. Half of the restricted stock gives the holder the right to receive the options free of charge under the assumption of continued employment. 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. The return on these options are calculated using the Multiple on invested capital return (MoIC). The cost of the programme is amortized over the vesting period for a total of DKK ('000) 404 in 2024 (2023: DKK ('000) 595).

	Group		Parent Company	
	2024	2023	2024	2023
	DKK '000	DKK '000	DKK '000	DKK '000
6 Other financial income				
Interest income from group enterprises	0	0	778	0
Other interest income	6.213	3.637	30	119
	6.213	3.637	808	119

7 | Tax on profit/loss for the year

Calculated tax on taxable income of the year	6.038	17.056	87	-50
Adjustment of tax in previous years	1.289	-79	0	0
Adjustment of deferred tax	-606	-2.210	0	0
	6.721	14.767	87	-50

Notes

	Group		Parent Company	
	2024	2023	2024	2023
	DKK '000	DKK '000	DKK '000	DKK '000
8 Proposed distribution of profit				
Proposed dividend for the year	0	70.000	0	70.000
Allocation to reserve for net revaluation under the equity method	0	0	8.224	33.881
Retained earnings	7.576	-26.049	5	-59.272
	7.576	43.951	8.229	44.609

9 | Intangible assets

	Group		
	Development projects completed, including patents and similar rights originating from development projects	Customer relations	Acquired rights
DKK '000			
Cost at 1 January 2024	716	177.171	20.582
Exchange adjustment at closing rate	0	-365	0
Additions	0	0	780
Cost at 31 December 2024	716	176.806	21.362
Amortisation at 1 January 2024	198	115.397	16.050
Amortisation for the year	72	14.979	2.237
Amortisation at 31 December 2024	270	130.376	18.287
Carrying amount at 31 December 2024	446	46.430	3.075

	Group	
	Goodwill	Development projects in progress and prepayments for intangible assets
DKK '000		
Cost at 1 January 2024	168.772	1.682
Exchange adjustment at closing rate	103	0
Additions	0	11.670
Disposals	0	-59
Cost at 31 December 2024	168.875	13.293
Amortisation at 1 January 2024	113.551	0
Exchange adjustment at closing rate	291	0
Amortisation for the year	14.692	0
Amortisation at 31 December 2024	128.534	0
Carrying amount at 31 December 2024	40.341	13.293

Notes

9 | Intangible fixed assets (continued)

Development projects

Development costs consist of projects in progress of new/unique products and development of an international eCommerce platform with expected market launch in 2025 ('000 DKK 13,293). 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 2022 ('000 DKK 446).

10 | Property, plant and equipment

	Group
	Other plant, fixtures and equipment
DKK '000	
Cost at 1 January 2024	18.068
Exchange adjustment at closing rate	96
Additions	5.966
Disposals	-103
Cost at 31 December 2024	24.027
Depreciation and impairment losses at 1 January 2024	9.702
Exchange adjustment	81
Reversal of depreciation of assets disposed of	-91
Depreciation for the year	4.293
Depreciation and impairment losses at 31 December 2024	13.985
Carrying amount at 31 December 2024	10.042

Notes

11 | Financial non-current assets

	Parent Company
DKK '000	Investments in subsidiaries
Cost at 1 January 2024	364.652
Cost at 31 December 2024	364.652
Revaluation at 1 January 2024	33.881
Exchange adjustment	-404
Dividend	-70.000
Profit/loss for the year	8.224
Other adjustments	-399
Revaluation at 31 December 2024	-28.698
Carrying amount at 31 December 2024	335.954

Investments in subsidiaries

Name and domicile	Ownership
Projectsilver ApS, Langeskov, Denmark	100 %
Jørgen Kruuse A/S, Langeskov, Denmark	100 %
Kruuse Svenska AB, Huddinge, Sweden	100 %
Next2Vet AB, Ystad, Sweden	100 %
Kruuse Norge AS, Drøbak, Norway	100 %
Kruuse UK Ltd., Sheffield, UK	100 %
Kruuse Hong Kong Ltd., Hong Kong	100 %
Kruuse Shanghai, Co. Ltd., China	100 %
E-Vet A/S, Haderslev, Denmark	100 %

Information about equity and results regarding equity investments has been omitted in accordance with the exemption clause of section 97 a (3) of the Danish Financial Statements Act.

Notes

12 | Deferred tax assets

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.

	Group		Parent Company	
	2024	2023	2024	2023
	DKK '000	DKK '000	DKK '000	DKK '000
Deferred tax assets, beginning of year	1.033	2.021	0	0
Deferred tax of the year, income statement	-717	-988	0	0
Deferred tax assets 31 December 2024	316	1.033	0	0
Recognized as follows:				
Deferred tax (assets)	316	1.033	0	0
	316	1.033	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.

13 | Prepayments

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

14 | Provision for deferred tax

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.

	Group		Parent Company	
	2024	2023	2024	2023
	DKK '000	DKK '000	DKK '000	DKK '000
Deferred tax, beginning of year	13.052	16.250	0	0
Deferred tax of the year, income statement	-1.323	-3.198	0	0
Provision for deferred tax 31 December 2024	11.729	13.052	0	0
It is recognized as follows:				
Deferred tax (provision)	11.729	13.052	0	0
	11.729	13.052	0	0

Notes

	Group		Parent Company	
	2024	2023	2024	2023
	DKK '000	DKK '000	DKK '000	DKK '000
15 Other provisions				
0-1 year	2.977	4.498	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.

16 | Long-term liabilities

	Group			
DKK '000	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Other non-current liabilities	8.096	129	7.218	7.751
	8.096	129	7.218	7.751

17 | Deferred income

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

18 | Contingencies etc.

Contingent liabilities

Contracts and agreements

The group has signed sales related licence and commission agreements with 8 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) 3,917 in the financial year.

Rental agreements

The group has signed rental agreements with an annual rent of DKK ('000) 9.860 and a maximum liability until expiry of approx. DKK ('000) 18.890.

The group has signed lease agreements relating to operating equipment etc. At a total annual lease payment of DKK ('000) 3,59 and a maximum liability until expiry of DKK ('000) 8.670.

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) 0 at the Balance Sheet date.

19 | Charges and securities

None.

Notes

20 | Related parties

The related parties include:

- 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

Controlling interest

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

Transactions with related parties

	Related parties (1)		Management	
	2024	2023	2024	2023
<i>Income Statement</i>				
Revenue	116.635	127.612	0	0
Other operating income	0	0	0	0
Expenses for raw materials and consumables	72.982	75.377	0	0
Operating costs	12.311	11.640	0	0
Remuneration to Management	0	0	4.821	5.623
Current year write-down	0	0	0	0
Financial income	640	102	0	0
Financial expense	0	0	0	0
Other	0	0	0	0
<i>Assets</i>				
Other receivables, non-current	0	0	0	0
Trade receivables	16.583	26.730	0	0
Other receivables, current	0	0	0	0
Accumulated write-down	0	0	0	0
<i>Liabilities</i>				
Other current liabilities, bank and other credit institutions ect	0	0	0	0
Trade payable	2.338	3.481	0	0
Other payables	0	0	0	0
Dividends earned	0	0	0	0
Dividends distributed	0	0	0	0

(1) Related parties are all other companies in the Covetrus group, excluding those in Projectgold ApS group.

Notes

21 | Information on unusual circumstances

The group has made an extraordinary write-down of the group's inventories during the financial year 2024. The cost is recognised under "Expenses for raw materials and consumables" amounting to a total of DKK '000 20,001.

The group has made some organizational restructuring during the financial year 2024 resulting in a one-off cost. The cost is distributed as follows: "Staff costs" DKK '000 5,006 and "Other external expense" DKK '000 150 amounting to a total of DKK '000 5,156.

22 | Significant events after the end of the financial year

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

23 | Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the largest group: CVET Midco 2, L.P., Delaware, USA.

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

Accounting Policies

The Annual Report of Projectgold ApS for 2024 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.

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.

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.

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.

Accounting Policies

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.

Expenses for raw materials and consumables

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.

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.

Accounting Policies

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.

Acquired rights 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.

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.

Property, plant and equipment

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.

Accounting Policies

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.

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 industryspecific 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.

Accounting Policies

Impairment of fixed assets

The carrying amount of intangible fixed and property, plant and equipment 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.

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.

Accounting Policies

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.

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.

Accounting Policies

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.