

Nordhealth Denmark A/S

Vesterbrogade 74
DK-1620 Hinnerup

CVR no. 29 14 51 80

Annual report 2023

The annual report was presented and approved at
the Company's annual general meeting on

5 July 2024

Charles MacBain
Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report for Nordhealth Denmark A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

København, 5 July 2024

Executive Board:

Juha Antero Huttunen
CEO

Board of Directors:

Charles William MacBain
Chairman

Mari Elina Ortenvuori

Valter Sebastian Alois
Pasanen



Independent auditor's report

To the shareholder of Nordhealth Denmark A/S

Opinion

We have audited the financial statements of Nordhealth Denmark A/S for the financial year 1 January - 31 December 2023, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company 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 responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the 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.



Independent auditor's report

- 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 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 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 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 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 5 July 2024

KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen
State Authorised Public Accountant
mne34459

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Management's review

Company details

Nordhealth Denmark A/S
Vesterbrogade 74
DK-1620 København

CVR no.: 29 14 51 80
Established: 13 October 2005
Registered office: København
Financial year: 1 January - 31 December

Board of Directors

Charles William MacBain, Chairman
Mari Elina Orttenvuori
Valter Sebastian Alois Pasanen

Executive Board

Juha Antero Huttunen, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42, 7. sal
DK-8000 Aarhus
CVR no. 25 57 81 98

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Management's review

Operating review

Principal activities

The principal activities of the Company include marketing and service of IT software for veterinarians in Denmark. Over the next few years, the Company's former server-based systems, Vetvision and Sanimalis, will be replaced by the Group's new SaaS system for veterinarians; Provet Cloud.

Development in activities and financial position

The Company's income statement for 2023 shows a profit of DKK 1,037,529 as against a loss of DKK 2,095,425 in 2022. Equity in the Company's balance sheet at 31 December 2023 stood at DKK 5,086,639 as against DKK 4,049,110 at 31 December 2022.

The financial year was in line with forecast, and results for the year are considered satisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2023.

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Income statement

DKK	Note	2023	2022
Gross profit		9,450,743	6,238,791
Staff costs	2	-7,071,880	-7,787,841
Amortisation of intangible assets		-815,927	-815,927
Profit/loss before financial income and expenses		1,562,936	-2,364,977
Other financial income		5,446	324
Other financial expenses	3	-7,891	-56,238
Profit/loss before tax		1,560,491	-2,420,891
Tax on profit/loss for the year	4	-522,962	325,466
Profit/loss for the year		<u>1,037,529</u>	<u>-2,095,425</u>
Proposed profit appropriation/distribution of loss			
Retained earnings		<u>1,037,529</u>	<u>-2,095,425</u>

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Balance sheet

DKK	Note	31/12 2023	31/12 2022
ASSETS			
Fixed assets			
Intangible assets	5		
Goodwill		5,915,473	6,731,400
Financial assets			
Deposits		42,263	42,263
Total fixed assets		5,957,736	6,773,663
Current assets			
Receivables			
Trade receivables		156,374	732,352
Receivables from group entities		1,415,013	118,205
Corporation tax		0	259,913
Deferred tax assets		3,025	338,168
Other receivables		3,117	33,774
Prepayments		230,792	312,605
		1,808,321	1,795,017
Cash at bank and in hand		1,449,535	1,681,183
Total current assets		3,257,856	3,476,200
TOTAL ASSETS		9,215,592	10,249,863

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Balance sheet

DKK	Note	31/12 2023	31/12 2022
EQUITY AND LIABILITIES			
Equity			
Contributed capital		500,000	500,000
Retained earnings		4,586,639	3,549,110
Total equity		<u>5,086,639</u>	<u>4,049,110</u>
Liabilities			
Non-current liabilities			
Other payables, including taxes payable	6	<u>2,000,000</u>	<u>2,000,000</u>
Current liabilities			
Trade payables		36,475	529,305
Payables to group entities		316,158	2,712,415
Corporation tax		98,078	0
Other payables, including taxes payable	6	1,678,242	940,398
Deferred income		0	18,635
		<u>2,128,953</u>	<u>4,200,753</u>
Total liabilities		<u>4,128,953</u>	<u>6,200,753</u>
TOTAL EQUITY AND LIABILITIES		<u>9,215,592</u>	<u>10,249,863</u>

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Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2023	500,000	3,549,110	4,049,110
Transferred over the profit appropriation	0	1,037,529	1,037,529
Equity at 31 December 2023	500,000	4,586,639	5,086,639

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1 Accounting policies

The annual report of Nordhealth Denmark A/S for 2023 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of software and cloud licenses is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ©2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year, including licenses and hosting.

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of intangible assets and property, plant and equipment as well as payroll refunds and regulation of any earn outs.

Other external costs

Other external costs comprise costs for distribution and sales costs, costs for advertising, administrative expenses, costs of premises, operating leases, etc.

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1 Accounting policies

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs.

Financial income and expenses

Financial income and expenses comprise interest income and expense.

Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the loss for the year is recognised in the income statement at the amount attributable to the loss for the year and directly in equity at the amount attributable to entries directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition.

These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement

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1 Accounting policies

Investments

Fixed asset investments consist of deposits regarding rental agreements.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in subsidiaries and participating interests (including associates) is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

Receivables

Receivables are measured at amortised cost.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

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1 Accounting policies

Liabilities

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at amortised cost.

Deferred income

Deferred income comprises payments received regarding income in subsequent years.

2 Staff costs

DKK	2023	2022
Wages and salaries	6,537,353	7,433,744
Pensions	417,842	280,776
Other social security costs	116,685	73,321
	<u>7,071,880</u>	<u>7,787,841</u>
Average number of full-time employees	<u>12</u>	<u>10</u>

3 Other financial expenses

DKK	2023	2022
Interest paid to group entities	0	28,316
Other interest expenses	6,022	26,824
Exchange losses	1,869	1,098
	<u>7,891</u>	<u>56,238</u>

4 Tax on profit/loss for the year

DKK	2023	2022
Current tax for the year	188,078	0
Deferred tax adjustment for the year	334,884	-332,790
Adjustment of tax concerning previous years	0	7,324
	<u>522,962</u>	<u>-325,466</u>

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5 Intangible assets

DKK	Goodwill
Cost at 1 January 2023	<u>8,159,272</u>
Cost at 31 December 2023	<u>8,159,272</u>
Amortisation and impairment losses at 1 January 2023	-1,427,872
Amortisation	<u>-815,927</u>
Amortisation and impairment losses at 31 December 2023	<u>-2,243,799</u>
Carrying amount at 31 December 2023	<u>5,915,473</u>

6 Non-current liabilities other than provisions

DKK	31/12 2023	31/12 2022
Other payables, including taxes payable:		
0-1 year	1,678,242	940,398
1-5 year	<u>2,000,000</u>	<u>2,000,000</u>
	<u>3,678,242</u>	<u>2,940,398</u>

7 Contractual obligations, contingencies, etc.

Operating lease obligations

The Company has entered into operating leases with a remaining term of 6 months and an average monthly lease payments of DKK 8,297, totalling DKK 49,782 (31 December 2022: DKK 45,754).