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Styrelsen och verkställande direktören för

Doggy AB

Org.nr 556055-5129

avger härmed

Årsredovisning

för räkenskapsåret 1 januari 2021–31 december 2021,

Fastställelseintyg

Undertecknad styrelseledamot intygar härmed att en med denna undertecknade kopia likalydande resultat- och balansräkning blivit fastställd på årsstämman den 23 juni 2022. Årsstämman beslöt tillika godkänna styrelsens förslag till vinstdisposition.

Vårgårda 2022-07-04

Magnus Sjösten

Doggy AB
Org.nr 556055-5129

ank=20220708;20211231

Årsredovisning

för räkenskapsåret 1 januari 2021–31 december 2021

Styrelsen och verkställande direktören för Doggy AB avger härmed följande årsredovisning.

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Alla belopp redovisas, om inte annat anges, i tusentals kronor (tkr).

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Förvaltningsberättelse

Ägarförhållanden

Doggy AB är ett helägt dotterbolag till Agota AB (org nr 559011-0069), vilket är ett helägt dotterbolag till Partner in Pet Food Sweden AB (org nr 559261-3169) som i sin tur ägs av Partner in Pet Food Hungária Kft. Yttersta koncernmoder där koncernredovisning upprättas är Artemis Midco (UK) Limited med säte i London och organisationsnummer 11321849.

Verksamhet

Doggy AB utvecklar, tillverkar och säljer hund- och kattmat (torr- och våtfoder) samt säljer handelsvaror inom hundmat, kattmat och kattströ. Bland de egna varumärken som marknadsförs och säljs kan nämnas Doggy, Mjau och Bozita. Doggy AB:s hemmamarknad är Sverige men export sker till ett tjugotal länder. Bolaget bedriver verksamhet via försäljningsbolag i Tyskland, ett helägt dotterbolag sedan 2015.

Leverantörsstrukturen av direkt material kan delas in i 3 delar, 1. Råvaror försörjs i så stor omfattning som möjligt från svenska leverantör, 2. Förpackningslösningar försörjs från svenska och europeiska leverantörer, 3 Övriga leverantörer dvs allt som faller utanför de övriga två, ex vis färdiga produkter,

Bolaget har under 2021 tagit beslut om att fortsatt enbart cerifiera sig enligt standard ISO 22000. Således har ISO 9001:2000 och ISO 14001 exkluderats från och med 2021.

Verksamhetsåret 2021

Pandemin Covid-19 har påverkat Doggy AB på ett flertal sätt. Bolaget tagit en mängd beslut under året för att dels minska risken för smittspridning dels för att hantera den förändrade omvärldssituation som covid-19 medfört. Exempelvis har bolaget hittat alternativa försörjningskanaler/byggt lager för att säkra råvaruförsörjning till fabriken.

År 2021 har varit ett bra år för Doggy AB där arbetet har fortsatt i oförminskad styrka med att utveckla och förnya Doggy AB:s erbjudande till kunder och konsumenter. Marknaderna Doggy AB verkar på är i huvudsak hund- och kattfoder via detalj- och fackhandel i Sverige och på export. Under året har Doggy AB fortsatt att lansera nyheter inom samtliga varumärken för att vara mer relevanta för de målgrupper våra varumärken vänder sig till. Denna resa kommer att fortsätta.

Nettoomsättningen har ökat avsevärt under året och uppgick till 737,2 msek (668,6 msek 2020). Försäljningsökningen har varit positiv på samtliga varumärken och på samtliga större marknader och är en effekt av ett långsiktigt arbete med att utveckla bolaget och dess varumärken. Rörelseresultatet uppgick till 26,0 msek (43,9 msek 2020).

Finansiering och likviditet

Under 2021 finansierades verksamheten i huvudsak genom en factoringlösning för de svenska kunderna. Total belåningslimit för factoringlösningen uppgick per 2021-12-31 till 40 msek. Bolagets likvida medel uppgick till 73,1 msek per 2021-12-31 (45,2 msek per 2020-12-31).

Investeringar

Under 2021 investerade bolaget 12,2 msek. Investeringarna består av i huvudsak reinvesteringar.

Väsentliga risker och osäkerheter i verksamheten

Med avseende på den takt som varit i förnyelsen av sortiment och erbjudande under de senaste åren så finns det naturligt en risk att de nya produkterna inte får den utveckling som antagits och inte får fäste på marknaden med sämre försäljning och minskat bidrag till företagets resultat än beräknat.
Råmaterialprisutvecklingen och leveransförmågan hos leverantörer ser ut att kunna påverka bolaget negativt under 2022.
Bolaget är exponerat för andra risker såsom kundkreditrisk och likviditetsrisk. Hur dessa risker påverkar bolaget kommenteras mer ingående i not 18.

Hållbarhetsrapportering

Affärsmodell

Se beskrivning under Verksamhet i förvaltningsberättelsen.

Miljö

Doggy AB är certifierade enligt ISO 22000:2018. Vårt ledningssystem omfattar Doggys utveckling, produktion och marknadsföring av katt-, hundmat samt kattsand, med tillhörande stödprocesser. Outsourcade processer styrs och följs upp inom ramen för ledningssystemet.

Företagets huvudsakliga påverkan på miljö och människors hälsa är luftutsläpp av stoft från torrfodertillverkningen, utsläpp av spillvatten från eget reningsverk till kommunens reningsverk, buller från fläktar och transporter samt lukt. Doggy AB:s produktion har en miljödom med tillhörande egenkontrollprogram där tillsynsmyndigheten är Länsstyrelsen.

Doggy AB bedriver i Vårgårda tillståndspliktig verksamhet enligt miljöskyddslagen. Bolaget har tillstånd för att tillverka 50 000 ton torrfoder samt 40 000 ton våtfoder per år.

Tillverkning

Tillverkningen under 2021 av såväl torrfoder som våtfoder ligger inom ramen för Doggy AB:s tillstånd enligt miljöskyddslagen.

Stoft

Doggy AB genomförde en stoftmätning under 2021, utan anmärkning och med godkänt resultat enligt miljödomen.

Energi

Anläggningen i Vårgårda drivs sedan 2010 av förnyelsebar energi, där grön el och ånga köps in. Förbrukningen av el och ånga målsätts utifrån kWh per producerat ton i syfte att minska det över tid.
Under 2021 påbörjades en Energikartläggning av bolaget, slutredovisning av denna görs i början 2022.

Processavloppsvatten

Doggy AB har sedan många år installerat ett kemiskt reningsverk där spill- och sköljvatten renas. Utöver detta finns en tank på 30m3 installerad för att användas som extra bufferttank.
Slammet samlas upp och transporteras till en extern biogasanläggning. Vattnet som renats pumpas till kommunens reningsverk. Doggy AB utför regelmässigt provtagning vid avloppspumpstationen enligt ett fastställt schema där vi kontrollerar att det fungerar som det skall. Prover tas varannan vecka och skickas till ett ackrediterat laboratorium. Utsläpp av BOD och fett ligger under gränsvärdena i miljödomen.

Alla kemikalier och råvaror riskbedöms kontinuerligt. Vi arbetar för att minska antalet kemikalier och har 6 st CMR klassade 2021 jämfört med 14 st 2020.
Bolaget har under 2021 tagit beslut om att fortsatt enbart certifiera sig enligt standard ISO 22000. Således har ISO 9001:2000 och ISO 14001 exkluderats från och med 2021.

Avfall

Vår huvudfokus är att minska våra materialförluster över tid (kassationer, överförbrukning och processpill) genom grundorsaksanalys och ständiga förbättringar. Under 2021 ökade mängden avfall som skickades till biogas. Huvudorsaken till det är en kraftigt ökad produktion av vårt våtfoder och då framförallt pouch, som tillverkas i mindre batcher och genererar ett högre processpill.

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Buller

Enligt vårt egenkontrollprogram så genomför vi bullermätningar vart tredje år i samband med den periodiska besiktningen. Bullermätning har skett under 2019. Resultatet från bullermätningen innebär att riktvärdena för industribuller innehålls under hela dygnet. Vi har inte haft några klagomål på buller under 2021. Nästa bullermätning kommer genomföras 2022.

Sociala förhållanden och personal

Inom Doggy AB har ett antal policys tagits fram som ska stipulera hur vi vill att vi som bolag ska betraktas, hur bolaget ska uppfattas av interna och externa intressenter och hur medarbetare ska interagera med varandra. Samtliga policies uppdaterade under 2019 där policy för kränkande särbehandling och sexuella trakasserier uppdaterades under 2020.

Arbetsmiljöpolicyn stipulerar att Doggy AB ska ha en bra arbetsmiljö såväl fysiskt, psykiskt som ur ett socialt och organisatoriskt perspektiv. Arbetsmiljöpolicyn reglerar detta samt Doggy AB:s systematiska arbetsmiljöarbete. Ett exempel är en nollvision avseende arbetsplatsolyckor.

För Doggy AB är jämställdhet och mångfald en grund för nya idéer, bredare perspektiv och utveckling. Det är en förutsättning för internationell konkurrenskraft och ökad lönsamhet. Därvidlag finns en jämställdhets- och mångfaldspolicy för bolaget sedan ett antal år tillbaka som tillvaratar och värdesätter alla medarbetares kompetenser, egenskaper och erfarenheter oavsett kön, könsidentitet eller könsuttryck, etnisk tillhörighet, religion eller annan trosuppfattning, funktionsnedsättning, sexuell läggning eller ålder.

Policyn för kränkande särbehandling och sexuella trakasserier stipulerar att Doggy AB inte accepterar kränkande beteende eller bemötande oavsett vem det gäller eller vilka som drabbas. Alla medarbetare ska behandlas lika och på ett respektfullt sätt och vårt förhållningssätt skall präglas av tolerans för varandras olikheter och åsikter.

Alkohol- och drogpolicien är en grund för en trygg och säker arbetsmiljö samt omsorg om nuvarande och framtida medarbetare.

Mänskliga rättigheter och motverkande av korruption

Avseende underleverantörer så har Doggy AB sedan flera år antagit en Supplier Code of Conduct som tar upp dessa frågeställningar. I den stipuleras att mänskliga rättigheter är en skyldighet och att korruption inte är accepterat som en del av att göra affärer med Doggy AB.

Vidare har bolaget ett väl utbyggt internkontrollsystem avseende fakturahantering vilket syftar till att minska risken för att korruption av någon form uppstår.

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Flerårsöversikt	**2021**	**2020**	**2019**	**2018**
Nettoomsättning (tkr)	737 178	668 621	571 764	491 277
Resultat efter finansnetto (tkr)	22 069	40 834	23 720	-5 582
Rörelsemarginal (%)	3,5%	6,6%	5,0%	-0,3%
Avkastning på eget kapital (%)	30,5%	62,4%	41,2%	-10,1%
Balansomslutning (tkr)	422 434	400 023	387 007	264 904
Soliditet (%)	18,2%	17,0%	16,3%	19,6%
Medelantalet anställda	211	177	156	140

Nyckeltalsdefinitioner

Rörelsemarginal

Rörelseresultat i procent av nettoomsättningen.

Justerat eget kapital

Eget kapital med tillägg för obeskattade reserver som reducerats med uppskjuten skatt.

Avkastning på eget kapital

Resultat efter finansiella poster i procent av genomsnittligt justerat eget kapital.

Soliditet

Justerat eget kapital i procent av balansomslutning.

Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel

Balanserad vinst	44 258
Årets resultat	8 763
	53 021

disponeras så att

i ny räkning överföres	53 021
	53 021

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Resultaträkning

Tkr	Not	1 jan. 2021– 31 dec. 2021	1 jan. 2020– 31 dec. 2020
Nettoomsättning	6	737 178	668 621
Förändring av lager av produkter i arbete, färdiga varor och pågående arbete för annans räkning		3 211	1 476
Övriga rörelseintäkter		1 646	2 152
		742 035	**672 249**
Rörelsens kostnader			
Råvaror och förnödenheter		-304 926	-277 089
Handelsvaror		-37 495	-53 696
Övriga externa kostnader	7	-191 598	-162 579
Personalkostnader	9	-132 521	-108 667
Avskrivningar och nedskrivningar (samt återföring) av materiella och immateriella anläggningstillgångar	10, 11	-20 125	-17 517
Avskrivningar nyttjanderätter	8	-13 924	-9 680
Övriga rörelsekostnader		-15 427	837
		-716 017	**-628 391**
Rörelseresultat	12	**26 018**	**43 859**
Resultat från finansiella investeringar			
Övriga ränteintäkter och liknande resultatposter	13	940	461
Räntekostnader och liknande resultatposter	14	-4 888	-3 486
		-3 949	**-3 025**
Resultat efter finansiella poster		**22 069**	**40 834**
Bokslutsdispositioner	26	-9 751	-35 700
Resultat före skatt		**12 318**	**5 134**
Skatt på årets resultat	15	-3 554	0
Årets resultat		**8 763**	**5 134**

Årets resultat överensstämmer med totalresultatet för bolaget.

Balansräkning

Tkr	Not	31 dec 2021	31 dec 2020
TILLGÅNGAR			
Anläggningstillgångar			
Materiella anläggningstillgångar			
Maskiner och andra tekniska anläggningar	10	106 767	111 490
Inventarier, verktyg och installationer	11	23 956	25 608
Pågående nyanläggning	17	0	1 551
Tillgångar med nyttjanderätt	8	31 807	33 400
Finansiella anläggningstillgångar			
Aktier i dotterföretag	16	8 770	8 770
Summa anläggningstillgångar		**171 299**	**180 820**
Omsättningstillgångar			
Varulager m.m.			
Råvaror och förnödenheter		39 365	36 431
Färdiga varor och handelsvaror		44 306	41 095
		83 671	**77 526**
Kortfristiga fordringar	18		
Kundfordringar	19	71 063	81 819
Aktuella skattefordringar		0	1 667
Fordringar hos koncernföretag		9 618	7 348
Övriga kortfristiga fordringar		8 289	1 067
Förutbetalda kostnader och upplupna intäkter	20	5 392	4 558
		94 362	**96 460**
Kassa och bank		**73 101**	**45 217**
Summa omsättningstillgångar		**251 135**	**219 204**
Summa tillgångar		**422 434**	**400 023**

Balansräkning

Tkr	Not	31 dec 2021	31 dec 2020
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	21	10 363	10 363
Reservfond		13 417	13 417
		23 779	**23 779**
Fritt eget kapital			
Balanserad vinst eller förlust		44 258	39 124
Årets resultat		8 763	5 134
		53 021	**44 258**
Summa eget kapital		**76 801**	**68 037**
Obeskattade reserver			
Periodiseringsfond		5 751	0
Ack överavskrivningar	26	7 700	7 700
Summa obeskattade reserver		**13 451**	**7 700**
Avsättningar			
Övriga avsättningar		970	700
Summa avsättningar		**970**	**700**
Långfristiga skulder			
Långfristiga leasingskulder	24	69 224	66 342
Summa långfristiga skulder		**69 224**	**66 342**
Kortfristiga skulder	18		
Kortfristiga leasingskulder		9 863	21 117
Förskott från kunder			
Checkräkningskredit			
Fakturabelåningskredit	22	40 060	40 061
Leverantörsskulder		86 577	105 256
Skulder till koncernföretag		68 886	48 760
Aktuella skatteskulder		1 888	0
Övriga kortfristiga skulder		9 513	6 407
Upplupna kostnader och förutbetalda intäkter	23	45 203	35 644
Summa kortfristiga skulder		**261 988**	**257 244**
SUMMA EGET KAPITAL OCH SKULDER		**422 434**	**400 023**

Rapport över förändring eget kapital

Tkr	Aktie-kapital	Reserv-fond	Balanserat resultat	Årets resultat	Summa eget kapital
Ingående eget kapital, 2020-01-01	**10 363**	**13 417**	**28 604**	**10 520**	**62 904**
Överföring resultat fg år			**10 520**	**-10 520**	
Årets resultat				**5 134**	**5 134**
Utgående eget kapital, 2020-12-31	**10 363**	**13 417**	**39 124**	**5 134**	**68 037**
Ingående eget kapital, 2021-01-01	**10 363**	**13 417**	**39 124**	**5 134**	**68 037**
Överföring resultat fg år			**5 134**	**-5 134**	
Årets resultat				**8 763**	**8 763**
Utgående eget kapital, 2021-12-31	**10 363**	**13 417**	**44 258**	**8 763**	**76 801**

Aktiekapital
Avser det registrerade aktiekapitalet.

Reservfond
Reservfonden utgör en del av bundet eget kapital och får endast användas för täckning av förlust, ökning av aktiekapitalet genom fond-/ nyemssion eller återbetalning till aktieägarna.

Balanserat resultat
Balanserat resultat utgörs av ackumulerade vinster och förluster i bolaget samt i förekommande fall erhållna aktieägartillskott och med avdrag för lämnade utdelningar.

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Kassaflödesanalys

Tkr	Not	1 jan. 2021– 31 dec. 2021	1 jan. 2020– 31 dec. 2020
Löpande verksamhet			
Rörelseresultat		26 018	43 859
Justering för poster som inte ingår i kassaflödet			
Avskrivningar och nedskrivningar		34 050	27 196
Erlagd ränta		-4 888	-3 486
Erhållen ränta		940	461
Betald inkomstskatt		0	0
Kassaflöde från den löpande verksamheten före förändringar i rörelsekapital		**56 119**	**68 030**
Justeringar av rörelsekapital			
Ökning/Minskning av varulager		-6 145	-4 280
Ökning/Minskning av rörelsefordringar		2 098	-14 554
Ökning/Minskning av rörelseskulder		16 094	18 349
Kassaflöde från den löpande verksamheten		**68 166**	**67 544**
Kassaflöde från investeringsverksamhet			
Förvärv av materiella anläggningstillgångar		-12 199	-28 893
Förvärv av nyttjanderätter		-9 959	0
Kassaflöde från investeringsverksamheten		**-22 158**	**-28 893**
Kassaflöde från finansieringsverksamhet			
Ökning fakturabelåningskredit		-1	3
Amortering leasingskulder		-8 372	-18 170
Ökning leasingskulder		0	0
Bokslutsdispositioner		-9 751	-28 000
Kassaflöde från finansieringsverksamheten		**-18 124**	**-46 166**
Årets kassaflöde		**27 884**	**-7 515**
Likvida medel i början av året		45 217	52 732
Likvida medel vid årets slut		**73 101**	**45 217**

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Not 1 Företagsinformation

Namn: Doggy AB
Org nummer: 556055-5129
Huvudsaklig verksamhet: Bolaget tillverkar och säljer hund- och kattmat samt säljer kattströ.
Årsredovisning: Styrelsen har den 31 maj 2022 godkänt denna årsredovisning för offentliggörande.

Koncernförhållanden
Bolaget är moderföretag men med hänvisning till undantagsreglerna i årsredovisningslagen 7 kap 2 § upprättas ingen koncernredovisning. Moderföretaget för hela koncernen är Artemis Midco (UK) Limited med säte i London, som upprättar koncernredovisning i vilken bolaget ingår.

Not 2 Grunder för upprättandet av årsredovisningen

Årsredovisningen har upprättats utifrån antagandet om fortlevnad (going concern). Tillgångar och skulder är värderade till sina historiska anskaffningsvärden.

De finansiella rapporterna har upprättats i enlighet med Årsredovisningslagen och RFR 2 – Redovisning för juridiska personer från och med 1 januari 2018. Bolaget tillämpar frivilligt RFR 2 då bolaget är ett dotterföretag till Artemis Midco (UK) Limited som tillämpar IFRS i dess koncernredovisning.

Not 3 Förändringar i redovisningsprinciperna

Använda redovisningsprinciper överensstämmer med dem som tillämpades under föregående räkenskapsår, undantaget ändrade eller nya IFRS och IFRIC tolkningar som trätt ikraft och föranlett ändringar i RFR 2.

Undantaget ändrade eller nya IFRS och IFRIC tolkningar som trätt ikraft och föranlett ändringar i RFR 2.

Från och med 1 januari 2019 tillämpar bolaget IFRS 16 och använder den förenklade övergångsmetoden vilket innebär att jämförande information inte kommer att räknas om.

Från och med 1 januari 2018 tillämpar bolaget IFRS 15. Tillämpningen av IFRS 15 har inte haft någon effekt på bolagets resultat eller ställning.

Not 4 Väsentliga redovisningsbedömningar, uppskattningar och antaganden

När styrelsen och verkställande direktören upprättar finansiella rapporter i enlighet med tillämpade redovisningsprinciper måste vissa uppskattningar och antaganden göras som påverkar det redovisade värdet av tillgångar, skulder, intäkter och kostnader.

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Not 5 Sammanfattning av viktiga redovisningsprinciper

Intäktsredovisning
En intäkt redovisas när kunden erhåller kontroll över den försålda varan eller tjänsten. Grundprincipen är att bolaget redovisar en intäkt på det sätt som bäst speglar överföringen av kontrollen av den utlovade varan eller tjänsten till kunden. Intäkter innefattar det verkliga värdet av vad som erhållits eller kommer att erhållas för sålda varor och tjänster i koncernens löpande verksamhet. Intäkter redovisas exklusive mervärdesskatt och rabatter samt efter eliminering av koncernintern försäljning. Företagets intäkter utgörs i allt väsentligt av försäljning av varor.

Försäljning av varor
Bolaget tillverkar och säljer hund- och kattmat samt kattströ. Försäljningen redovisas som intäkt när kontrollen för varorna överförs, vilket inträffar när varorna levereras till kunden. Leverans sker när varorna har transporterats till den specifika platsen, riskerna för föråldrade eller förkomna varor har överförts till kunden och kunden har antingen accepterat varorna i enlighet med avtalet, tidsrymden för invändningar mot avtalet har gått ut, eller bolaget har objektiva bevis för att alla kriterier för acceptans har uppfyllts. Intäkten från försäljningen av hund- och kattmat samt kattströ redovisas baserat på priset i avtalet och intäkten redovisas endast i den utsträckning som det är mycket sannolikt att en väsentlig återföring inte uppstår. Kredittid på utställda fakturor är i normalfallet 30 dagar. Ingen finansieringskomponent bedöms föreligga vid försäljningstidpunkten.

Inkomstskatter
Periodens skattekostnad omfattar aktuell skatt.

Aktuell inkomstskatt
Kortfristiga skattefordringar och skatteskulder för nuvarande och tidigare perioder fastställs till det belopp som förväntas återfås från eller betalas till Skatteverket. De skattesatser och skattelagar som tillämpas för att beräkna beloppet är de som är antagna eller aviserade på balansdagen.

Aktuell inkomstskatt hänförlig till poster/transaktioner som redovisas i eget kapital redovisas i eget kapital och inte i resultaträkningen om sådana förekommer.

Uppskjuten inkomstskatt
Uppskjuten skatt redovisas på balansdagen i enlighet med balansräkningsmetoden för temporära skillnader mellan tillgångars och skulders skattemässiga och redovisningsmässiga värden. Uppskjuten skatt beräknas med tillämplig skattesats som beslutats eller aviserats per balansdagen och som förväntas gälla när den uppskjutna skatten realiseras eller regleras.
Uppskjutna skatteskulder uppkommer framförallt på grund av skillnader mellan bokföringsmässiga avskrivningar och skattemässiga avskrivningar på förvaltningsfastigheter.

Uppskjutna skattefordringar
Uppskjutna skattefordringar redovisas endast i den omfattning att det är sannolikt att framtida överskott kommer att finnas tillgängliga, mot vilka de temporära skillnaderna kommer att kunna utnyttjas.

Uppskjutna skattefordringar och skatteskulder kvittas när det finns en legal kvittningsrätt för aktuella skattefordringar och skatteskulder och när de uppskjutna skattefordringarna och skatteskulderna hänför sig till skatt debiterade av samma skattemyndighet där det finns en avsikt att reglera saldona genom nettobetalningar.

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Materiella anläggningstillgångar
Materiella anläggningstillgångar är fysiska tillgångar som används i företagets verksamhet och har en förväntad nyttjandeperiod överstigande ett år. Materiella anläggningstillgångar värderas till sina respektive anskaffningsvärden och skrivs av linjärt under sin uppskattade nyttjandeperiod. När materiella anläggningstillgångar redovisas tas hänsyn till tillgångens eventuella restvärden när det avskrivningsbara beloppet fastställs. Avskrivningen inleds när tillgången är färdig att tas i bruk.

Materiella anläggningstillgångar tas bort från balansräkningen när den avyttras eller om den inte kan förväntas tillföra några ekonomiska fördelar i framtiden antingen genom att den nyttjas eller att den säljs. Vinst och förlust beräknas som skillnaden mellan försäljningspriset och tillgångens redovisade värde. Vinst eller förlust redovisas i resultaträkningen den redovisningsperiod då tillgången avyttrats, såsom övrig kostnad eller övrig intäkt.

Avskrivning beräknas enligt följande:	*Antal år*
Maskiner	8-15 år
Inventarier	3-5 år

Varulager
Varulagret värderas till det lägsta av anskaffningsvärde och nettoförsäljningsvärde. Nettoförsäljningsvärdet är det uppskattade försäljningspriset med avdrag för rörliga försäljningskostnader. Anskaffningsvärde faställs med tillämpning av först-in-först-ut-metoden.

Nedskrivning
Tillgångar som löpande skrivs av skall nedskrivningstestas närhelst händelser eller förändringar i förhållanden indikerar att det redovisade värdet kanske inte är återvinningsbart.

En nedskrivning görs med det belopp varmed tillgångens redovisade värde överstiger dess återvinningsvärde. Återvinningsvärdet är det högre av tillgångens verkliga värde minskat med försäljningskostnader och dess nyttjandevärde.

Operationell leasing
Från och med 2019 så tillämpas IFRS och därmed klassas alla operationella kontrakt som finansiella. Vi har tillämpat undantaget vad gäller korttidsleasing eller leasing av lägre där leasingavgiften kostnadsförs linjärt i resultaträkningen över leasingperioden

Finansiell leasing
Finansiella leasingavtal kapitaliseras i balansräkningen genom att nuvärdesberäknade anskaffningsvärden redovisas som anläggningstillgångar ("Maskiner och andra tekniska anläggningar") och framtida nuvärdesberäknade leasingavgifter redovisas som kortfristiga och långfristiga leasingskulder. I resultaträkningen redovisas årligen avskrivningar, räntekostnader, valutakursdifferenser och uppskjuten skatt hänförliga till de finansiella leasingavtalen. De finansiella leasingtillgångarna skrivs av på 8 år.

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Leasing
Bolaget leasar lokaler och fordon. Leasingavtalen redovisas som nyttjanderätter och en motsvarande skuld, den dagen som den leasade tillgången finns tillgänglig för användning av koncernen. Varje leasingbetalning fördelas mellan amortering av skulden och finansiell kostnad. Den finansiella kostnaden ska fördelas över leasingperioden så att varje redovisningsperiod belastas med ett belopp som motsvarar en fast räntesats för den under respektive period redovisade skulden. Nyttjanderätten skrivs av linjärt över det kortare av tillgångens nyttjandeperiod och leasingavtalets längd. Tillgångar och skulder som uppkommer från leasingavtal redovisas initialt till nuvärde.

Leasingbetalningarna diskonteras med den marginella låneräntan. Tillgångarna med nyttjanderätt värderas till anskaffningsvärde och inkluderar följande:

- den initiala värderingen av leasingskulden,
- betalningar gjorda vid eller innan den tidpunkt då den leasade tillgången görs tillgänglig för leasetagaren,

Leasingavtal av mindre värde kostnadsförs linjärt i rapporten över totalresultat.

Ersättning till anställda efter avslutad anställning
I företaget finns såväl avgiftsbestämda som förmånsbestämda pensionsplaner. Som avgiftsbestämda planer klassificeras planer där fastställda avgifter betalas och det inte finns förpliktelser att betala något ytterligare, utöver dessa avgifter. Övriga planer klassificeras som förmånsbestämda och beräknas enligt Tryggandelagen och redovisas i enlighet med förenklingsregeln.

Företaget har pensionsförpliktelser vilka uteslutande är beroende av värdet på av företaget ägda kapitalförsäkringar. Risken, för kapitalförsäkringens utveckling och därmed senare utfallande pension, står den enskilde individen som kapitalförsäkringen tecknats för. Då pensionslöftet och värdet på kapitalförsäkringen vid varje ögonblick överensstämmer är det redovisade värdet noll. Bruttobelopp framgår av not.

Finansiella instrument - redovisning och värdering
Med hänsyn till sambandet mellan redovisning och beskattning har företaget i enlighet med RFR2 valt att inte tillämpa IFRS 9 utan tillämpar en metod med utgångspunkt i anskaffningsvärde i enlighet med ÅRL.

Finansiella fordringar
Fordringar med förfallodag mer än 12 månader efter balansdagen redovisas som anläggningstillgångar, övriga som omsättningstillgångar. Fordringar upptas till det belopp som efter individuell prövning beräknas bli betalt. Kundfordringar redovisas som omsättningstillgångar till det belopp som förväntas bli inbetalt efter avdrag för individuellt bedömda osäkra kundfordringar.

Likvida medel
Likvida medel omfattar banktillgodohavanden.

Finansiella skulder
Leverantörsskulder och övriga kortfristiga skulder redovisas till det belopp varmed de förväntas regleras. Övriga skulder redovisas till upplupet anskaffningsvärde, med tillämpning av effektivräntemetoden.

Omräkning av poster i utländsk valuta
Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Redovisning av koncernbidrag
Koncernbidrag redovisas som bokslutsdisposition.

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Not 6 Nettoomsättningens fördelning

Nettoomsättningen fördelar sig på geografiska marknader enligt följande:

	1 jan. 2021– 31 dec. 2021	1 jan. 2020– 31 dec. 2020
Sverige	430 145	394 235
Tyskland	150 722	107 835
Polen	74 705	86 432
Ryssland	24 052	19 473
Schweiz	11 928	10 871
Nederländema	11 408	14 093
Finland	8 767	7 637
Norge	6 761	8 033
Tjecklen	3 236	1 526
Ungern	2 823	0
England	2 506	4 629
Turkiet	2 410	2 323
Lettland	1 487	1 143
Belgien	1 486	3 177
Grekland	1 361	1 019
Estland	1 093	999
Frankrike	810	3 376
Japan	508	619
Danmark	469	496
Litauen	303	152
Island	198	353
Italien	0	201
	737 178	**668 621**

Intäkter från kunder som står för mer än 10% av intäkterna.	**1 jan. 2021– 31 dec. 2021**	**1 jan. 2020– 31 dec. 2020**
Zooplus AG	**114 196**	103 128
Ica	106 259	108 651
Granngården	79 853	75 227
	300 308	**287 006**

Not 7 Ersättning till revisorer

	1 jan. 2021– 31 dec. 2021	1 jan. 2020– 31 dec. 2020
Deloitte	521	575
PWC	0	166
Övriga tjänster	97	0
Summa revisionskostnader	**618**	**741**

Med revisionsuppdraget avses granskning av årsredovisningen och bokföringen samt styrelsens förvaltning och övriga granskningsuppgifter som det ankommer på bolagets revisor att utföra.

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Not 8 Leasing

Bolagets leasingåtaganden avser huvudsakligen datorer, fordon samt hyror av produktion och lagerytor. Från 1 januari 2019 tillämpas IFRS 16 och befintliga operationella leasingavtal omvärderas till nyttjanderätter, förutom avtal med låga värden och kortare löptid. Under 2021 uppgår kostnaden avseende leasingavgifter som inte inkluderas i beräkningen av leasingskulden till 1 429 (1 686).

Minimileasingbetalningar	**31 dec 2021**	**31 dec 2020**
Mindre än 1 år	9 863	21 117
1 – 2 år	23 978	17 247
2 – 3 år	17 917	14 454
3 – 4 år	17 401	13 583
4 – 5 år	9 929	11 129
Mer än 5 år		9 929
Framtida leasingutgifter	**79 087**	**87 459**

Tillgångar med nyttjanderätt	**31 dec 2021**	**31 dec 2020**
Lokaler	34 318	41 984
Fordon	11 413	1 096
Årets avskrivning nyttjanderätter	-13 924	-9 680
	31 807	**33 400**

Övriga leasade tillgångar	**31 dec 2021**	**31 dec 2020**
Maskiner och andra tekninska anläggningar IB	59 374	67 604
Årets avskrivning	-9 675	-8 230
UB	**49 698**	**59 374**

Leasingskulder	**31 dec 2021**	**31 dec 2020**
Långfristiga	69 224	66 342
Kortfristiga	9 863	21 117
	79 087	**87 459**

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Not 9 Anställda och personalkostnader

	1 jan. 2021– 31 dec. 2021	1 jan. 2020– 31 dec. 2020
Medelantalet anställda		
Kvinnor	79	63
Män	132	114
Summa medelantalet anställda	**211**	**177**
Löner och andra ersättningar		
Styrelse och VD	2 688	4 402
Övriga anställda	97 199	79 702
	99 887	**84 104**
Sociala avgifter (*varav pensioner*)		
Styrelse och VD	2 007	1 728
varav pensioner	*958*	*199*
Övriga anställda	39 300	32 891
varav pensioner	*7 755*	*6 738*
Summa Sociala avgifter (varav pensioner)	**41 307 (8 713)**	**34 619 (6 937)**

Styrelseledamöter och ledande befattningshavare	1 jan. 2021– 31 dec. 2021	1 jan. 2020– 31 dec. 2020
Antal styrelseledamöter per balansdagen	6	5
Varav män %	100%	100%
VD och andra ledande befattningshavare	6	6
Varav män %	83%	83%

Avtal om avgångsvederlag

VD har rätt till lön i 9 månader vid uppsägning från bolagets sida.

Sammanställning av pensionsförmåner	1 jan. 2021– 31 dec. 2021	1 jan. 2020– 31 dec. 2020
Pensionskostnad tryggad via kapitalförsäkring	3 998	2 811
	3 998	**2 811**

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Not 10 Maskiner och andra tekniska anläggningar

	31 dec 2021	31 dec 2020
Ingående ackumulerade anskaffningsvärden	393 546	328 088
Inköp	10 696	21 210
Försäljningar/utrangeringar	0	0
Omklassificeringar	1 551	44 248
Utgående ackumulerade anskaffningsvärden	**405 793**	**393 546**
Ingående ackumulerade avskrivningar	-282 055	-266 589
Försäljningar/utrangeringar		0
Omklassificeringar	0	0
Årets avskrivning	-16 970	-15 466
Utgående ackumulerade avskrivningar	**-299 025**	**-282 055**
Utgående redovisat värde	**106 767**	**111 490**

I maskiner och andra tekniska anläggningar ingår finansiella leasingtillgångar med ett anskaffningsvärde om 77 402 (77 402) och ett utgående redovisat värde om 59 374 (49 698).

Not 11 Inventarier, verktyg och installationer

	31 dec 2021	31 dec 2020
Ingående ackumulerade anskaffningsvärden	68 382	62 250
Inköp	1 503	6 132
Försäljningar/utrangeringar	0	0
Omklassificeringar	0	0
Utgående ackumulerade anskaffningsvärden	**69 885**	**68 382**
Ingående ackumulerade avskrivningar	-42 773	-40 723
Försäljningar/utrangeringar		
Omklassificeringar		
Årets avskrivning	-3 155	-2 050
Utgående ackumulerade avskrivningar	**-45 929**	**-42 773**
Utgående redovisat värde	**23 956**	**25 608**

Not 12 Inköp och försäljning mellan koncernföretag

	1 jan. 2021– 31 dec. 2021	1 jan. 2020– 31 dec. 2020
Andel av årets totala inköp som skett från andra företag inom koncernen	7%	2%
Andel av årets totala försäljning som skett till andra företag inom koncernen	0%	0%

Not 13 Ränteintäkter och liknande resultatposter

	1 jan. 2021– 31 dec. 2021	1 jan. 2020– 31 dec. 2020
Ränteintäkter, bank		0
Övrigt	940	461
Summa övriga ränteintäkter och liknande resultatposter	**940**	**461**

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Not 14 Räntekostnader och liknande resultatposter

	1 jan. 2021–31 dec. 2021	1 jan. 2020–31 dec. 2020
Räntekostnader, bank	-4 582	-2 849
Räntekostnader, koncernföretag		-45
Övrigt	-306	-592
Summa räntekostnader och liknande resultatposter	**-4 888**	**-3 486**

Not 15 Inkomstskatt

De huvudsakliga komponenterna när det gäller skattekostnader för räkenskapsåret med avslut den 31 december 2021 är följande:

	1 jan. 2021–31 dec. 2021	1 jan. 2020–31 dec. 2020
Aktuell skatt	3 554	0
Förändring av uppskjuten skatt på temporära skillnader	0	0
Summa redovisad skatt	**3 554**	**0**

Avstämning av effektiv skattesats	**2021**	**2020**
Resultat före skatt	12 318	5 134
Skatt enligt gällande skattesats (20,6%)	-2 537	-1 099
Ej avdragsgilla kostnader	-197	-67
Skatteeffekt vid återläggning av faktiska leasingkostnader	-825	1 172
Övrigt		-6
Under året utnyttjade underskottsavdrag som tidigare inte redovisats som en tillgång	5	
Summa redovisad skatt	**-3 554**	**0**

Den genomsnittliga effektiva skattesatsen är 28,86 procent (0%)

Not 16 Aktier i dotterföretag

	31 dec 2021	31 dec 2020
Ingående ackumulerade anskaffningsvärden	8 770	8 770
Inköp	0	0
Utgående ackumulerade anskaffningsvärden	**8 770**	**8 770**

	Kapitalandel	Rösträttsandel	Antal andelar	Bokfört värde
Bozita GmbH	100%	100%	1	8 770
				8 770

	Org.nr.	Säte	Eget kapital	Resultat
Bozita GmbH	HRB 80902	Hamburg	7 620	593

Bozitas kapital och resultat har omräknats till balansdagens kurs.

Not 17 Pågående nyanläggning

	31 dec 2021	31 dec 2020
Ingående ackumulerade anskaffningsvärden	1 551	44 248
Inköp		1 551
Omklassificeringar	-1 551	-44 248
Utgående ackumulerade anskaffningsvärden	**0**	**1 551**
Utgående redovisat värde	**0**	**1 551**

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Not 18 Finansiell riskhantering

Finansiell riskhantering

Doggy AB är exponerat för ett antal finansiella risker som företaget hanterar inom ramen för företagets interna styrdokument som tagits fram av ledningen. Företagets främsta finansiella skulder utgörs av leverantörsskulder. Därutöver har bolaget kundfordringar samt likvida medel som utgör finansiella instrument. De främsta riskerna som företaget är utsatt för är likviditetsrisk och kundkreditrisk.
Tabellen nedan visar företagets finansiella tillgångar och skulder som är föremål för finansiell riskhantering.

	31 dec. 2020 Finansiella tillgångar värderade till upplupet anskaffningsvärde
Tillgångar i balansräkningen	
Kundfordringar	81 819
Kortfristiga fordringar	14 640
Likvida medel	45 217
Summa	**141 677**

	31 dec. 2020 Övriga finansiella skulder värderade till upplupet anskaffnings värde
Skulder i balansräkningen	
Skulder till koncernföretag	48 760
Leverantörsskulder	105 256
Kortfristiga skulder	42 051
Summa	**196 066**

	31 dec. 2021 Finansiella tillgångar värderade till upplupet anskaffningsvärde
Tillgångar i balansräkningen	
Kundfordringar	71 063
Kortfristiga fordringar	23 299
Likvida medel	73 101
Summa	**167 464**

	31 dec. 2021 Övriga finansiella skulder värderade till upplupet anskaffnings värde
Skulder i balansräkningen	
Skulder till koncernföretag	68 886
Leverantörsskulder	86 577
Kortfristiga skulder	54 715
Summa	**210 177**

Kundkreditrisk

Kreditrisk är risken att en motpart inte kan uppfylla ett åtagande under ett finansiellt instrument eller kundavtal, som leder till en finansiell förlust. Kreditutvärdering genomförs på samtliga kunder enligt kreditpolicy. En ökad kreditrisk hanteras med förskottsbetalningar och bankgarantier. Ledningen anser att det inte existerar någon betydande koncentration av kreditrisk med någon enskild kund, motpart eller geografisk region för Doggy AB. Åldersanalyser av kundfordringar framgår av not 19. För de svenska kunderna har Doggy AB valt en factoringlösning där utestående kundfordringar belånas. Factoringlinan uppgår till 40 MSEK. Den valda finansieringslösningen påverkar inte kundkreditrisken utan Doggy AB äger kundfordran till 100 % och står därmed hela risken.

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De finansiella tillgångarnas kreditkvalitet
Enligt företagets kreditpolicy skall förfallna kundfordringar med mer än 90 dagar reserveras som kundförlust. Det finns inte några större kundfordringar enligt detta kriterium och kreditkvaliteten för finansiella tillgångar bedöms som god. Avseende företagets banktillgodohavanden är dessa placerade i Danske Bank

Likviditetsrisk
Finansieringsrisker avser risk för svårigheter att erhålla finansiering för verksamhet vid en given tidpunkt. I koncernens finansieringspolicy anges att bolaget skall i första hand använda egen likviditet, i andra hand använda sig av traditionella banklån med en inom bolaget ställd säkerhet och i tredje hand koncernintern likviditet.

Tabellen nedan visar avtalade återstående löptider på de finansiella skulderna.

	Redovisat	Förväntat kassaflöde (dagar)		
31 dec. 2020	**värde**	**0-30**	**31-90**	**>91**
Finansiella skulder				
Räntebärande skulder	127 520	1 502	2 095	123 922
Leverantörs-skulder	105 256	92 043	11 795	1 418
Övriga skulder	99 210	6 407	14 696	78 107
Summa	**331 986**	**99 952**	**28 586**	**203 448**

	Redovisat	Förväntat kassaflöde (dagar)		
31 dec. 2021	**värde**	**0-30**	**31-90**	**>91**
Finansiella skulder				
Räntebärande skulder	119 147	1 219	3 990	113 939
Leverantörs-skulder	86 577	58 215	25 619	2 743
Övriga skulder	141 576	9 513	19 406	112 658
Summa	**347 300**	**68 946**	**49 014**	**229 340**

Förväntat kassaflöde inkluderar ränta.

Riskhantering av kapital
Företagets kapitalstruktur ska hållas på en nivå som säkerställer möjligheten att driva verksamheten vidare för att skapa avkastning till aktieägarna och fördelar för andra intressenter, samtidigt som en struktur upprätthålls för att minska kapitalkostnaderna.

Tkr	**31 dec 2021**	**31 dec 2020**
Räntebärande nettoskuld	46 046	82 302
Summa eget kapital	76 801	68 037
Förhållande mellan skuld och eget kapital	**60%**	**121%**

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Not 19 Kundfordringar

	31 dec 2021	31 dec 2020
Kundfordringar	71 063	81 962
Avsättning för osäkra fordringar	0	-143
Summa	**71 063**	**81 819**

Åldersanalys av kundfordringar 31 dec. 2021	**Förfallna fordringar**	**Förfallna fordringar – avsättningar gjorda**	**Förfallna fordringar – inga avsättningar gjorda**
Förfallna sedan mindre än 30 dagar	3 593		3 593
Förfallna sedan 31–60 dagar	-391		-391
Förfallna sedan 61–90 dagar	232		232
Förfallna sedan 91–180 dagar	-44		-44
Förfallna sedan mer än 180 dagar	-72		-72
Summa förfallna fordringar	**3 317**		**3 317**
Ej förfallna fordringar	67 746		67 746
Summa	**71 063**		**71 063**

Avsättning för osäkra kundfordringar	**31 dec 2021**	**31 dec 2020**
Avsättning för osäkra kundfordringar vid årets början		-143
Avsättning under året	0	0
Återvunna tidigare avskrivna kundfordringar	0	0
Summa		**-143**

Not 20 Förutbetalda kostnader och upplupna intäkter

Förutbetalda kostnader	**31 dec 2021**	**31 dec 2020**
Anläggningar	2 554	2 214
Marknad & säljkostnader	1 217	1 270
Försäkringar	493	513
Personalkostnader		
Övriga förutbetalda kostnader	974	512
Summa	**5 239**	**4 508**

Upplupen intäkt	**31 dec 2021**	**31 dec 2020**
Ränteintäkt Agota	153	50
	153	**50**

Not 21 Aktiekapital

	31 dec 2021	**31 dec 2020**
Antal aktier 103 625		
Emitterade och betalda:		
Vid årets början	10 363	10 363
Vid årets slut	**10 363**	**10 363**

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Not 22 Fakturabelåningskredit

	31 dec 2021	31 dec 2020
Beviljad limit fakturabelåningskredit	40 000	40 000
Utnyttjad fakturabelåningskredit	-40 060	-40 061
Summa outnyttjade godkända krediter	**-60**	**-61**

Not 23 Upplupna kostnader och förutbetalda intäkter

	31 dec 2021	31 dec 2020
Upplupna löner	6 304	5 216
Upplupna semesterlöner	11 971	9 269
Upplupna sociala avgifter	6 141	4 491
Övriga upplupna kostnader	20 786	16 668
Summa	**45 203**	**35 644**

Not 24 Långfristiga leasingskulder

	31 dec 2021	31 dec 2020
Förfaller 2-5 år	69 224	60 890
Förfaller 6-7 år		5 452
Summa	**69 224**	**66 342**

Not 25 Ställda säkerheter

	31 dec 2021	31 dec 2020
Ställda säkerheter för egna skulder till kreditinstitut:		
Företagsinteckningar	25 000	25 000
	25 000	**25 000**

Not 26 Bokslutsdispositioner

	31 dec 2021	31 dec 2020
Lämnade koncernbidrag	4 000	28 000
Avsättning till pertiodiseringsfond	5 751	
Förändring överavskrivningar		7 700
Summa	**9 751**	**35 700**

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Not 27 Väsentliga händelser efter räkenskapsårets utgång

Kriget i Ukraina har påverkat utvecklingen av företagets verksamhet, ställning och resultat negativt. Det har bland annat medfört förlorad försäljning på den ryska marknaden och högre priser för material, transporter och energi. Efterfrågan är dock fortsatt god på övriga marknader och bolaget har på ett proaktivt sätt lyckats justera för ökade kostnader. Bolaget har inte några kundkreditrisker till följd av kriget. De åtgärder som vidtagits gör att bolaget inte ser något behov av ytterligare åtgärder.

Not 28 Förslag till vinstdisposition

Styrelsen föreslår att till förfogande stående vinstmedel

Balanserad vinst	44 258
Årets resultat	8 763
	53 021

disponeras så att

i ny räkning överföres	53 021
	53 021

2022-05-31

Gerald Kühr
Styrelsens ordförande

Torsten Jacobs
Styrelseledamot

Stéphane Re
Styrelseledamot

Christer Anderzén
Styrelseledamot

Martin Andersson
Styrelseledamot

Magnus Sjösten
Verkställande direktör

Vår revisionsberättelse beträffande denna årsredovisning har avgivits 2022-06-23

DELOITTE AB

Alexandros Kouvatsos
Auktoriserad revisor

ank=20220708:20220711118263

Deloitte.

REVISIONSBERÄTTELSE

Till bolagsstämman i Doggy AB
organisationsnummer 556055-5129

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Doggy AB för räkenskapsåret 2021-01-01 - 2021-12-31 med undantag för hållbarhetsrapporten på sidorna 3-4.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och RFR 2 och ger en i alla väsentliga avseenden rättvisande bild av Doggy ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen och RFR 2. Våra uttalanden omfattar inte hållbarhetsrapporten på sidorna 3-4.

Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Doggy AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen och RFR 2. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.

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- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Doggy AB för räkenskapsåret 2021-01-01 - 2021-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Doggy AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Revisorns yttrande avseende den lagstadgade hållbarhetsrapporten

Det är styrelsen som har ansvaret för hållbarhetsrapporten på sidorna 3–4 och för att den är upprättad i enlighet med årsredovisningslagen.

Vår granskning har skett enligt FARs rekommendation RevR 12 Revisorns yttrande om den lagstadgade hållbarhetsrapporten. Detta innebär att vår granskning av hållbarhetsrapporten har en annan inriktning och en väsentligt mindre omfattning jämfört med den inriktning och omfattning som en revision enligt International Standards on Auditing och god revisionssed i Sverige har. Vi anser att denna granskning ger oss tillräcklig grund för vårt uttalande.

En hållbarhetsrapport har upprättats.

Stockholm den 23 juni 2022

Deloitte AB

Alexandros Kouvatsos
Auktoriserad revisor

Artemis Midco (UK) Limited

Consolidated Financial Statements

As of 31 December 2021 and for the period from 1 January 2021 to 31 December 2021

21 St James's Square, London

United Kingdom, SW1Y 4JZ

Registered number: 11321849

20220929071124

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Strategic Report

Business review

This Strategic report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to the Group and its subsidiary undertakings when viewed as a whole.

COVID-19 pandemic and its economic impact

Since the pandemic started the circumstances resulting from COVID-19 pandemic have been creating an unprecedented level of uncertainty in the European Union and beyond and possibilities are continuing that uncertainty in the market remains. The Board has been closely following guidance issued by governments and the different levels of restrictions implemented by them since the outset of the outbreak and will continue to do so.

In response the Board has been taking actions across 4 priority areas since pandemic started: disruptions to production and supply chain with special focus on employees and unprecedented level of increase in prices of raw and pack materials, potential reduction in revenues, key customer and supplier agreements and potential impacts on its liquidity and financial resources. The Board plans to continue focusing on these areas during the year.

The primary focus has been on the safety and wellbeing of our employees, suppliers and customers. We have taken steps to protect our colleagues who are considered most vulnerable across the organisation. For our colleagues who work in key production, warehousing and delivery roles, we have introduced strict safety, hygiene, social distancing measures and regular testing in the largest factories. In addition, business travel considered as essential is allowed and, besides the application of flexible home office policy for employees whose roles permit them to work from home, employees are returning to our offices gradually. All of our production and logistics sites currently are operational and we are extremely grateful to our dedicated production and supply chain employees as well as to our partners.

It is the Board's view, that as a business producing basic goods, the Group has been less exposed to the economic and operational impacts of the COVID-19 pandemic since the outbreak so, similarly to the critical periods of 2020, cash and earnings generation are expected to remaining stable. Further detailed information is given in the Principle Risks and uncertainties section of this report and in the going concern section of note 3.2.

Review of the business and principal activities

Since the acquisition by Cinven, which took place on 23 July 2018, the operations and related legal entities of Partner in Pet Food Group are operating under the funds managed by Cinven Capital Management (VI) General Partner Limited through Artemis Midco (UK) Limited and other direct subsidiaries of Artemis Midco (UK) Limited.

The principal activity of the Group is the manufacture and supply of pet food throughout Europe.

The Group's owner continues to support Partner in Pet Food Group's growth plans in expansion markets and other attractive segments of the European pet food market. In light of their support, as of 12 January 2021 the Group successfully acquired 100% of the shares of Landini Giuntini S.p.A., a leading Italian pet food manufacturer. This is in addition to the successful acquisition of 100% of the shares of Agota AB and its three additional subsidiaries which form the leading Swedish pet food manufacturer Doggy in 2020. The acquisitions were mainly financed from third-party and subordinated shareholders' loans which led to the increase in long term debt further described under Notes 25 and 26. In addition, during the year the Group spent more than EUR 35 million (2020: EUR 18 million) on CAPEX projects most of which are directed at enabling the Partner in Pet Food Group to take advantage of some unique market opportunities that will position the Group well for profitable future growth.

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Between the acquisition date of 23 July 2018 and the first half-year of 2020 the Group went through a transition period of nearly 2 years. From the middle of 2020 the Group started operating in normal mode despite the outbreak of COVID-19 while during the second half-year of 2020, in line with the strategy and under new leadership following the appointment of the new Group CEO, it started expanding with the aforementioned acquisitions. As a result, the Group's 2021 results were affected by numerous non-recurring expenses including EUR 13.4 million of costs related to the expansion, restructuring of the Group and COVID-19 (2020: EUR 12.3 million). Were it not for these expenses, the Group would have generated further positive operating result.

In addition, during the year the Group generated a gain from its currency swap agreement (see Principal Risks and Uncertainties section) which amounted to EUR 2.5 million (2020: EUR 3.3 million).

The turnover of the Group for 2021 amounted to EUR 500 million (2020: EUR 340 million). Out of the EUR 160 million increase EUR 124 million was attributable to the recently acquired Doggy and Landini Giuntini S.p.A. while organic top line growth was mainly attributable to significant price increases and the significantly increasing single serve sales following achieving consistently high utilization rate of the Group's most recent single serve capacity expansion projects. Sales in the profitable single serve segment are growing dynamically and as such growth is expected to continue. Sales of single serve products generate higher margins compared to the remainder of the Group's product portfolio. This attractive segment is considered as a source of profit growth in 2022 and beyond therefore accordingly, the Group is expanding capacity further, premiumising its portfolio within the category and accelerating high margin categories like pouch and snacks in order to grow competitively. While the Group has a strong and diversified customer base, including most of the well-known retailers and discounters in the markets served by the Group, channels beyond retail and discount (i.e. pet specialists and eCommerce) become increasingly important in terms of driving the strategic margin accretive business model.

Key performance indicators

The Group uses the following key performance indicators in the management of the business:

1. Turnover
2. Cash
3. Long term debt
4. Comprehensive profit/(loss)

As mentioned above, the turnover of the Group for 2021 amounted to EUR 500 million (2020: EUR 340 million). The significant revenue growth was primarily driven by the contribution of the two aforementioned acquisitions made in 2020 and 2021. Management uses the turnover KPI to monitor the growth of the Group and therefore its potential for profit growth going forward. Cash balances at 31 December 2021 were in excess of EUR 24 million (31 December 2020: in excess of 23 million). The cash balance KPI is used by management to monitor liquidity and the ability of the Group to meets its current obligations. Long term debt at 31 December 2021 amounted to EUR 432 million (at 31 December 2020: EUR 342 million). The significant increase in long term debt was primarily driven by the additional financing taken to complete the two aforementioned acquisitions in 2020 and 2021. The long-term debt KPI is used by the Group to monitor progress in reducing debt levels and cash flow generation which is used to reduce debt. Comprehensive loss for 2021 amounted to EUR 42 million (2020: EUR 36 million) and was affected by raw and pack material and energy price increases, significant non-recurring items as explained in the Review of the Business section above and by interest accrual on long term financing instruments owned by the shareholders. Loss before tax of EUR 46.5 million (2020: EUR 30.5 million) is used to monitor the extent to which the Group's turnover exceeds expenses or vice versa, and the corresponding extent to which growth and cost saving initiatives are generating the intended improvement in profitability.

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Future developments

Despite the inflationary pressure which impacts the Group through increases in raw, pack materials and energy prices the Group views the outlook for the coming year to be positive. Management believes that the Group is well-positioned to take advantage of existing and future market opportunities. The Group is following consumer trends on the market and the introduction of new product lines to meet those consumer needs is planned for the coming year. As a result, the Group expects to continue to make selective investments into the most profitable segments of the Group's operations.

In order to strengthen its market position the Group has made and still planning to make further selective financial investments into the most profitable segments of the Group's operations in the coming year which will require further financing arrangements and opportunities are being continuously investigated. The Group also believes that its current financing arrangements will be adequate to service the financing needs of the legacy business for the coming year.

Principal risks and uncertainties

There are several risk elements that are inherent to the Group's business as follows:

1. COVID-19 pandemic and its economic impact

   The COVID-19 outbreak began at the beginning of 2020 and the WHO declared the emerging situation a global pandemic. Most governments in the territories where the Group has production and operational activities have been taking stringent steps to contain or delay the spread of the virus. The Board has been closely monitoring and assessing the current and potential future effects that the COVID-19 pandemic may have on the group's operation and profitability. In the main, the Board sees the risks arising in four main areas: potential reduction in revenues, disruptions to production and supply chain, key customer and supplier agreements and potential impacts on liquidity and financial resources. Please see note 3.2 to the financial statements for further information on how these risks are being managed.

2. War between Russia and Ukraine and its economic impact on the Group

   On 24 February 2022 Russian military forces attacked Ukraine which has caused extensive disruptions to businesses primarily across the European Union. The uncertainties over the war in the territory of Ukraine is causing market volatility on a global scale. Although it is now very difficult to quantify the overall impact in such a turbulent environment the Company has been monitoring the situation and considering the effect it may have on the valuation of any impacted investments and other financial and operational issues in the future. The Board sees the risks arising in the following main areas at its directly and indirectly owned subsidiaries: key customer and supplier agreements, disruptions to production and supply chain potentially driven by supply shortage and unprecedented inflationary price increase of raw, pack materials as well as energy, primarily electricity and gas. Please see note 3.2 to the financial statements for further information on how these risks are being managed.

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3. Foreign currency

The Group's reporting currency is Euros, however operates in multiple local currencies. The Group has significant sales in the Polish, Czech, Hungarian and Swedish currencies.
The Group also has significant costs in the Czech, Hungarian and Swedish currencies and these costs mostly offset the currency exposure resulting from the sales in the Czech, Hungarian and Swedish currencies. Up until end of 2021, the Group did not have significant costs in Polish currency and as a result, Polish sales were exposed to currency movements. This is expected to change with the new Polish acquisitions described as part of the post balance sheet events.

4. Materials exposure

The Group is a significant producer of wet pet food and as such has exposure to fluctuations in meat prices, which is a major input in wet pet food production. The Group is also a significant producer of dry pet food and as such has exposure to fluctuations in grain prices, which is a major input in dry pet food production. The Group also makes extensive use of cans for packaging of wet pet food and as a result, fluctuations in tin plate prices also constitute a significant exposure for the Group.

The Group does not purchase financial instruments except for the express purpose of hedging current and expected future exposures. The Group utilizes a currency swap agreement to manage exchange rate volatility to protect the Group from the potential negative effects of fluctuating exchange rates. During the current year the Group's hedges, which were implemented using financial instruments, did not qualify for hedge accounting for IFRS purposes.

The Group's exposure to grain and meat prices may be hedged where possible through financial and non-financial instruments. The Group has risk management policies in place and applies non-financial hedge instruments such as forward buying of selected raw materials to address the volatility of input costs.

The majority of the Group's sales are to well-established retailers and discounters. As a result, the credit risk associated with these sales is deemed to be moderate. The Group has access to significant amount of cash in the bank and unused credit facilities and as a result the risk that the Group's operations will be negatively impacted by a lack of liquidity is also deemed to be moderate. The cash flow generated by the Group combined with its liquidity position is enabling the Group to meet its financial and other obligations in the normal course of business.

5. Brexit

The Group continuously monitor and where possible mitigate the implications of Brexit, leveraging a cross-functional approach to understand the risks that Brexit poses. The result of our analysis shows the Group is not subject to any material risk arising from the Brexit which has been effective since the beginning of the year.

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Statement by the Directors in Performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Directors of the Group, as those of all UK companies must act in accordance with a set of general duties. These duties are in section 172 of the UK Companies Act 2006 which is summarized as follows:

A director of a company must act in the way to consider, in good faith, would be most likely to promote the success of the Group for the benefit of its shareholders as a whole and, in doing so have regard (amongst other matter) to:

a) the likely consequences of any decision in the long term;
b) the interests of the company's employees;
c) the need to foster the company's business relationships with suppliers, customers and others;
d) the impact of the company's operations on the community and the environment;
e) the desirability of the company maintaining a reputation for high standards of business conduct; and
f) the need to act fairly as between members of the company."

The Directors of the Group both individually and together consider they have acted using the above in their decisions taken during the year ended on 31 December 2021.

The following paragraphs summarized how the Directors fulfil their duties:

Mission statement
The Group's mission is to provide our customers, pet parents and their pets and our passionate team with the best experience so that they choose the Group and stay with it.

Risk management
The Group is operating in the rapidly changing fast moving consumer goods environment, producing pet food in 11 different factories and selling them in 59 European and Middle-Eastern markets. The business and risk environment of the Group become more and more complex parallel with the recent increase of its size therefore it is critical for the Group to effectively identify, evaluate, manage and mitigate the risks it faces. For further details of the principal risks and how the Group manages them read the Group's accounting policy and note 32.

Employees
A part of the mission of the Group is to provide the best experience to its employees to attract and retain them by creating a trusting, respectful, safe environment in which they are continuously trained to become a world-class team and remain motivated to exceed expectations. Read more in note 7.

Customers
The Group's strategy prioritizes organic growth driven by offering products across all pet food categories, with the best quality / price ratio and with products delivered with excellent service levels to its existing customers as well as to newly contracted clients. In order to achieve this the Group develops and maintains strong customer relationships. The Group's customer relationships are mostly long-term and repeat.

Suppliers
The Group follows the below principles during its supplier selection and supplier management practices. The Group targets to give a fair chance to all relevant potential vendors to become a supplier to PPF. It selects the suppliers in a competitive supplier selection process as it believes a fair competition drives overall performance in the value chain. It buys based on industry standard specifications with strict requirements on the application of relevant legal requirements. The suppliers are the subject of a pre-evaluation and approval process in order to meet the required standards of the Group in all aspects concerning what they do. We follow a continuous improvement program with the selected vendors in order to optimize our operations.

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Lenders

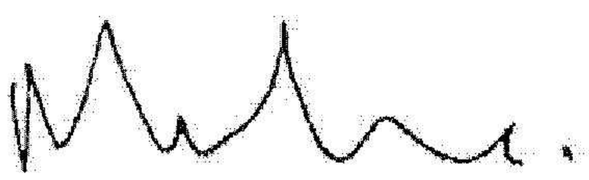
The Group has been financing its operations with borrowings. The banks and bondholders are informed about the financial health of the Group and about major plans through regular meetings.

Shareholder

The Directors ensure ongoing conversation with its sole shareholder through regular reporting and other events such as monthly Board Meetings. The Directors recognized the importance of continuing, open dialogue with the shareholder. It's important to the Directors that the shareholder understand the strategy and objectives of the Group therefore these must be explained clearly, feedback heard and any operational or commercial issues, questions raised have to be properly considered. This ensures sustainable middle and long term value is created for the shareholder in a manner which satisfies both sides.

Approved on behalf on behalf of the board and authorised for issue:

London, 29 April 2022



Maxim Devin Crewe
Director
21 St James's Square, London, United Kingdom, SW1Y 4JZ

20220929071132

Directors' Report

The Directors present their annual report on the affairs of Artemis Midco (UK) Limited ('the Company'), together with the financial statements and auditor's report, for the period ended 31 December 2021. The company was incorporated in the United Kingdom on 20 April 2018.

An indication of likely future developments in the business of the company is included in the strategic report.

Events after the balance sheet date

Following successfully receiving regulatory approvals in Poland, as of 1 April 2022 the Group successfully acquired G-Mart and Zakład Przetwórstwa Rolniczego businesses from their private individual owner. The aforementioned businesses are more widely known as the Werblinski pet food business, which was established in 2002 and has had a long and successful history of producing high quality dog and cat food for both Polish and international customers including supermarkets and pet specialty retailers.

Following successfully receiving regulatory approvals in Poland, as of 1 February 2022 the Group successfully acquired 100% of the shares of Mispol S.A. and its subsidiary, KSK BONO s.r.o., which companies form one of the leading Polish pet food manufacturers. In 2021 Mispol S.A. reported annual net sales of EUR 41.1 million (2020: EUR 36.8 million) and net loss of EUR 0.9 million (2020: EUR 0.4 million) according to its unaudited IFRS consolidated financial statements. The final net cash outflow regarding the acquisition amounted to EUR 34.4 million.

On 24 February 2022 Russian military forces attacked Ukraine. Following the recent events in Ukraine, the Group closely monitors the business situation. The share of Group's sales is less than 3% combined in Russia and Ukraine driven by two customers, Metro Ukraine and ATB and sources no raw or pack material directly from Russia or Ukraine. Fortunately, year to date sales is only slightly below the budgeted target which serves as a proof of resilience. To date the Group didn't have to stop production or selling to Ukraine due to any direct or indirect impact of the war but only had to implement stronger monitoring processes on debt collection with extra focus on any potential overdue and settlement from the aforementioned two Ukrainian customers. Recent shipments have been successfully delivered and they were settled with bank transfers. Currently the Group does not see that the war would result in significant negative impact. However, due to one of the indirect impacts of the war, which is unprecedented level of price increases of raw- and pack materials and energy prices, the Group has to put continued strong focus on such impacts and follow with price and proactive portfolio management actions to protect its profitability.

There are no other significant events since the balance sheet date.

Existence of branches outside the UK

The Group has branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK as follows:

1. Budaörs, Hungary
2. Nijmegen, Netherlands
3. Prague, Czech Republic
4. Dunajsky Klatov, Slovakia
5. Warsaw, Poland
6. Vårgårda, Sweden
7. Città di Castello, Italy

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Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Further details of Financial risk management objectives and policies can be found in the Strategic Report.

Cash flow risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group selectively uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures.

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

Under the ownership existing since 2018, the Group continues to be well financed through the EUR 472 million senior syndicated credit facility which includes a EUR 410 million bullet with a 7 year maturity and a EUR 62 million revolving credit facility which was undrawn at 31 December 2021. The Group is in compliance with the terms of its debt agreements including but not limited to its financial covenants. Through the aforementioned debt agreements, the Group also has substantial liquidity and access to funds in the form of over EUR 67.1 million of unused credit lines available as of 31 December 2021 (31 December 2020: EUR 77.3 million). In addition, at 31 December 2021 the Group has cash balances in excess of EUR 24 million (31 December 2020: in excess of EUR 23 million).

Further details regarding liquidity risk can be found in the Statement of accounting policies in the notes to the financial statements.

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Climate risk

Climate risk continues to evolve, and the Group will regularly assess and aim to mitigate the impact where possible. We recognize the importance of considering climate related risks and opportunities in business decisions. Based on the result of completed projects with subject matter expert companies the Group implemented some recommendations as well as a cross-functional working group was already brought together by the Group to identify areas where we could achieve further reduction of CO2 emission. The Group already made accomplishments in reducing CO2 emission in the field of transportation and production i.e. full truck loads, less empty pallets, intermodal transport and energy saving lighting and heating systems, heat recuperation systems, respectively. Both through this collaboration and using other opportunities the Group is assessing the range of risks and opportunities that climate change poses to the Group as well as our options for managing these on short, medium and long-term. The latest related achievements, which signal the determination of the Group, were working out and successfully implementing its Environmental, Social, and Corporate Governance Policy and appointing its Group Sustainability Manager during the year.

Streamlined Energy and Carbon Reporting (SECR)

Given the parent company is a holding company in the UK and all of is trading subsidiaries are operating outside the UK, it has no significant energy consumption and carbon emission within the UK and therefore is exempt from SECR reporting.

Going concern

The Board has prepared and regularly updated its thorough COVID-19 analysis and has been holding occasional sessions to discuss and resolve any issues arising from COVID-19 pandemic. The Board also discusses all other risks, including the direct and indirect impacts of the war between Russia and Ukraine, to the delivery of the annual business plan on a monthly basis and considering its expectations, the above factors, along with the Group's forecasts and projections, the Group and Company expect to generate cash and be able to operate within the level of its current facilities for a minimum period of twelve months from the date of signing these financial statements. After due consideration, the Directors believe the Group and Company have adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis are described in note 3.2 of the financial statements

Dividends

The directors do not recommend a dividend based on the results for the year ended 31 December 2021 (2020: nil).

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Directors

The Directors, who served throughout the year and up to the date of signing except as noted, were as follows:

Dominic Robinson
Matteo Cora
Maxim Crewe

Directors' indemnities

The Group has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Political contributions

The Group made no political contributions for the period ending 31 December 2021 (2020: nil).

Employee engagement

The Group is committed to being a responsible business, behaviour is aligned with the expectations of its people. A part of the mission of the Group is to provide the best experience to its passionate employees so that they choose the Group and stay with it. The Group envisions that it becomes the most successful European pet food company also in terms of employees' experience.

The Group understands that for its business to succeed it needs to manage its people's performance and develop and bring through talent while ensuring it operates as efficiently and successfully as possible. The Group places considerable value on the involvement of its employees and has continued to keep them informed on common values and on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings and various Group publications for employees. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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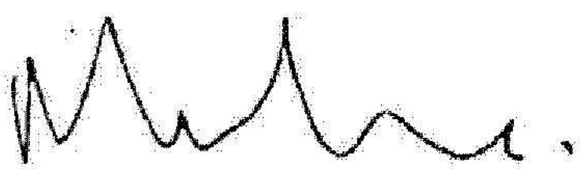
Deloitte has expressed their willingness to continue in office as auditor and appropriate arrangements are being made for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved on behalf on behalf of the board and authorised for issue:

London, 29 April 2022



Maxim Devin Crewe
Director
21 St James's Square, London, United Kingdom, SW1Y 4JZ

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Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare:

- the Group financial statements in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB)
- the parent company financial statements in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company arid the Group and of profit or loss of the Group for that period.

In preparing these financial statements, International Accounting Standard or United Kingdom Generally Accepted Accounting Practice, as appropriate, requires that Directors:

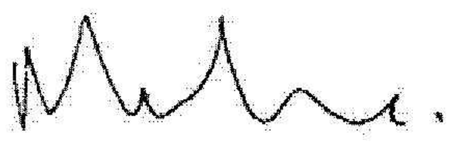
- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain both the Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other Jurisdictions.

Approved on behalf on behalf of the board and authorised for issue:

London, 29 April 2022



Maxim Devin Crewe
Director
21 St James's Square, London, United Kingdom, SW1Y 4JZ

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Consolidated statement of comprehensive income for the years ended on 31 December 2021 and 31 December 2020, amounts are in thousand EUR unless otherwise stated

	Notes	2021	2020
Continuing operations			
Revenue	5	**499,546**	**339 509**
Direct material expenses	6	(306 886)	(194 769)
Employee expenses	7	(76 288)	(56 161)
Depreciation and amortization	8	(39 080)	(27 461)
Net (loss)/gain from disposal of assets	9	(41)	3
Other expenses	10	(67 592)	(46 665)
Other income	11	24	49
Operating profit		**9 683**	**14 505**
Interest expense	14	(63 228)	(49 323)
Interest income	12	108	90
Net other financial results	13	6 961	4 205
Net finance costs		**(56,159)**	**(45 028)**
Loss before tax		**(46,476)**	**(30 523)**
Income tax credit/(charge)	15	1 885	(939)
Loss for the year		**(44 591)**	**(31 462)**
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations		2 168	(4 589)
Other comprehensive loss for the year		**2 168**	**(4 589)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(42 423)**	**(36 051)**
Loss attributable to:			
Owners of the Company		(44 591)	(31 462)
Non-controlling interests		-	-
		(44 591)	**(31 462)**
Total comprehensive loss attributable to:			
Owners of the Company		(42 423)	(36 051)
Non-controlling interests		-	-
		(42 423)	**(36 051)**

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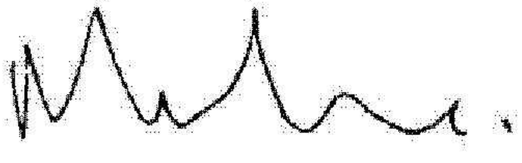
Consolidated statement of financial position at 31 December 2021 and 31 December 2020, amounts are in thousand EUR unless otherwise stated

	Notes	31 December 2021	31 December 2020
Assets			
Non-current assets:			
Goodwill	18	424 158	374 913
Intangible assets	19	127 188	97 606
Property, plant and equipment	16	188 407	143 312
Deferred tax asset	15	2 492	624
Other non-current assets		5	-
Total non-current assets		**742 250**	**616 455**
Current assets:			
Inventories	21	48 715	38 893
Trade receivables	22	71 753	51 591
Income tax receivables	15	2 106	417
Other current assets	20	14 311	6 337
Cash and cash equivalents	23	24 368	23 453
Total current assets		**161 253**	**120 691**
Total assets		**903 503**	**737 146**
Equity and liabilities			
Capital and reserves			
Share capital	24	14	13
Share premium	24	25 566	25 418
Retained earnings		(144 351)	(101 928)
Total equity		**(118 771)**	**(76 497)**
Non-current liabilities			
Non-current interest-bearing loans and borrowings	25	431 708	342 176
Subordinated loan	26	400 227	334 530
Deferred tax liabilities	15	27 313	18 894
Provisions	28/32	853	311
Other non-current liabilities	30	3	253
Total non-current liabilities		**860 104**	**696 164**
Current liabilities			
Trade and other payables	31	120 290	95 337
Income tax payables	15	1 895	746
Current interest-bearing loans and borrowings	25	15 363	11 707
Overdraft	27	14 895	4 696
Provisions	28	790	207
Other current liabilities	29	8 937	4 786
Total current liabilities		**162 170**	**117 479**
Total equity and liabilities		**903 503**	**737 146**

On 29 April 2022 the Board of Directors approved the financial statements and authorized for issue. They were signed on its behalf by:

London, 29 April 2022



Maxim Devin Crewe
Director
21 St James's Square, London, United Kingdom, SW1Y 4JZ

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Consolidated statement of changes in equity for the years ended on 31 December 2021 and 31 December 2020, amounts are in thousand EUR unless otherwise stated

	Notes	Share capital Note 24	Share premium Note 24	Retained earnings	Total
Balance at 1 January 2020		**13**	**25 382**	**(65 877)**	**(40 482)**
Share premium contribution		-	36	-	36
Loss for the year		-	-	*(31 462)*	*(31 462)*
Exchange differences on translating foreign operations		-	-	*(4 589)*	*(4 589)*
Total comprehensive loss for the year		-	-	(36 051)	(36 051)
Balance at 31 December 2020		**13**	**25 418**	**(101 928)**	**(76 497)**
Share capital contribution		1	-	-	1
Share premium contribution		-	148	-	148
Loss for the year		-	-	*(44 591)*	*(44 591)*
Exchange differences on translating foreign operations		-	-	*2 168*	*2 168*
Total comprehensive loss for the year		-	-	(42 423)	(42 423)
Balance at 31 December 2021		**14**	**25 566**	**(144 351)**	**(118 771)**

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Consolidated statement of cash flows for the years ended 31 December 2021 and 31 December 2020, amounts are in thousand EUR unless otherwise stated

	Notes	31 December 2021	31 December 2020
Cash flows from operating activities			
Loss for the period		(44 591)	(31 462)
Adjustments for:			
Income tax (credit) / expense recognised	15	(1 885)	939
Net Finance costs recognised		56 158	45 028
Loss / (Gain) on disposal of property, plant and equipment	9	41	(3)
Depreciation and amortization of non-current assets	8	39 080	27 461
Impairment of non-current assets	10	207	445
		49 010	42 408
Working capital:			
(Increase) / decrease in trade and other receivables		(2 840)	1 365
Increase in inventories		(3 647)	(2 920)
Increase in trade and other payables		12 617	8 138
Decrease / (increase) in other working capital		1 081	(221)
Cash generated from operations		56 221	48 770
Income taxes paid		(4 707)	(2 480)
Net cash generated by operating activities		**51 514**	**46 290**
Investing activities			
Payment to acquire subsidiaries, net	35	(102 633)	(55 232)
Payment to acquire Property, Plant and Equipment & intangibles assets	17	(35 954)	(18 634)
Proceeds from sale of Property, Plant and Equipment & intangibles assets	9	10	2
Net cash used in investing activities		**(138 577)**	**(73 864)**
Financing activities	36		
Interest paid		(22 336)	(17 545)
Interest paid on leases		(811)	(682)
Net other financial (outflows) / inflows		(1 337)	618
Proceeds from issue of shares		148	36
Payment of debt issue costs		(1 840)	(3 468)
Proceeds from / (repayment of) overdraft		10 199	(14 629)
Proceeds from borrowings	25	126 911	129 500
Proceeds from subordinated loan	26	28 972	18 593
Repayment of borrowings	25	(43 991)	(69 661)
Repayment of leases		(8 136)	(5 374)
Net cash flows from financing activities		**87 779**	**37 388**
Net (decrease) / increase in cash and cash equivalents		**716**	**9 814**
Cash and cash equivalents at the beginning of the period		23 453	14 551
Effect of exchange rate changes		199	(912)
Cash and cash equivalents at the end of the year		**24 368**	**23 453**

Notes to the consolidated financial statements for the years ended on 31 December 2021 and 31 December 2020, amounts are in thousand EUR unless otherwise stated

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1. General information

Artemis Midco (UK) Limited is a limited liability company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 on 20 April 2018, with its statutory seat in London ("Company"), registered in England and Wales. Its registered address is 21 St James's Square, London, SW1Y 4JZ, United Kingdom (formerly: Warwick Court, Paternoster Square, London, EC4M 7AG, United Kingdom).

The financial statements of Artemis Midco (UK) Limited will be included into the consolidated financial statements of Artemis Feeder (Jersey) Limited. Artemis Feeder (Jersey) Limited is a limited liability company, incorporated in Jersey with registered address 11-15 Seaton Place St Helier Jersey, JE4 0QH.

The ultimate beneficiaries of Artemis Feeder (Jersey) Limited are various investment funds managed by the private equity firm Cinven Capital Management (VI) General Partner Limited. Cinven Capital Management (VI) General Partner Limited is the ultimate controlling party.

As the holding company of the Partner in Pet Food Group (hereinafter: the "Group" as defined under the heading Group Structure below) the Company has operational activities through its subsidiaries.

The Company is responsible for providing information to its shareholders and investors. The Group's indebtedness is spread over a number of subsidiaries. All of the subsidiaries are fully consolidated by the Company.

The Group produces and trades a complete range of pet food products. The Group has several production plants in Europe. The majority of the Group's customers are well-known multinational retail chains.

On 31 December 2021 Artemis Holdco (UK) Limited in the United Kingdom was the sole shareholder of the Group. The Company's registered address is 21 St James's Square, London, SW1Y 4JZ, United Kingdom (formerly: Warwick Court, Paternoster Square, London, EC4M 7AG, United Kingdom).

Artemis Acquisitions (UK) Limited is the entity that purchased the shares of PHM Topco S.à r.l. with subsidiaries in 7 countries: the Netherlands, Poland, Czech Republic, Slovakia, Luxembourg, Malta and Hungary. The acquisition of the Group was completed on 23 July 2018.

Notes to the consolidated financial statements for the years ended on 31 December 2021 and 31 December 2020, amounts are in thousand EUR unless otherwise stated

202209290714

1.1. Group Structure

The Group structure at 31 December 2021 contains the 17 entities listed below.

Details of the Group's subsidiaries at the end of the year are as follows:

Name of subsidiary	Principal activity	Place of business and registered office address	Role	Holding	Proportion of ownership and voting power %
Artemis Midco (UK) Limited *	Group governing	United Kingdom, 21 St James's Square, London, SW1Y 4JZ, United Kingdom (formerly: Warwick Court, Paternoster Square, London, EC4M 7AG, United Kingdom)	parent company	Ordinary	-
Artemis Acquisitions (UK) Limited	Group managing	United Kingdom, 21 St James's Square, London, SW1Y 4JZ, United Kingdom (formerly: Warwick Court, Paternoster Square, London, EC4M 7AG, United Kingdom)	holding company	Ordinary	100%
Partner in Pet Food Hungária Kft.	Pet food production	Hungary, H-2040 Budaörs, Puskás Tivadar u. 14. , Floor 4, Hungary	operating company	Quota	100%
Partner in Pet Food Polska Spzoo	Pet food sales	Poland, ul. Szamocka 8 01-748 Warszawa, Poland	operating company	Shares	100%
PPF HoldCo B.V.	Group managing	Netherlands, Wijchenseweg 132 E 6538SX Nijmegen, Netherlands	holding company	Shares	100%
Partner in Pet Food Group B.V.	Group managing	Netherlands, Wijchenseweg 132 E 6538SX Nijmegen, Netherlands	holding company	Shares	100%
Partner in Pet Food NL B.V.	Pet food production	Netherlands, Wijchenseweg 132 E 6538SX Nijmegen, Netherlands	operating company	Shares	100%
Partner in Pet Food SK s.r.o	Pet food production	Slovakia, Dunajský Klátov 141, 930 21, Slovakia	operating company	Shares	100%
Partner in Pet Food CZ s.r.o	Pet food production	Czech Republic, Bucharova 1423/6, 15800 Praha - Nové Butovice, Czech Republic	operating company	Shares	100%
Partner in Pet Food France S.A.S.	Representation	France, 2 bis rue de la tête d'or 69006 Lyon, France	representation office	Shares	100%
Partner in Pet Food Sweden AB	Group managing	Sweden, Narvavägen 12 115 22 Stockholm Sweden	holding company	Shares	100%
Doggy AB	Pet food production	Sweden, Doggyvägen 1 SE-447 84 Vårgårda Sweden	operating company	Shares	100%
Agota AB	Group managing	Sweden, Doggyvägen 1 SE-447 84 Vårgårda Sweden	holding company	Shares	100%
Agota Real Estate AB	Group managing	Sweden, Doggyvägen 1 SE-447 84 Vårgårda Sweden	holding company	Shares	100%
Bozita GmbH	Pet food production	Germany, Osterfeldstrasse 12-14 DE-22529 Hamburg, Germany	operating company	Shares	100%
Landini Giuntini S.p.A.	Pet food production	Italy / Via Rosa Luxemburg 30 Citta' Di Castello, Italy	operating company	Shares	100%
Kalisz Pet Food Spzoo	Group managing	Poland / ul. Grzybowska 2/29, 00-131 Warszawa, Poland	holding company	Shares	100%

* Artemis Midco (UK) Limited is the sole shareholder of Artemis Acquisitions (UK) Limited but does not directly own any of the other subsidiaries.

The liquidation procedure of the following two companies; PHM Malta Topco 27 Limited, PHM Malta Holdco 27 Limited successfully ended as of 26 February 2021. The names of each aforementioned company have been struck off from the Malta Business Registry as of 26 February 2021.

The liquidation procedure of PHM Topco 27 S.á r.l. successfully ended as of 30 June 2021. The name of company was struck off from the Luxembourg Business Registry as of 30 June 2021.

After the completion of the mandatory local regulatory procedures PPF Italy S.p.A and Landini Giuntini S.p.A successfully merged with the effective date of 29 Dec 2021 and PPF Italy S.p.A ceased to exist.

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2. Adoption of new and revised Standards

The Group followed closely the changes of standards, amendments and concluded that any which had become effective during 2021 had no material impact on the financial statements.

Standards and amendments to standards that have been issued but are not effective for 2021 and have not been early adopted are:

- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current - effective date 1 January 2023.
- Amendments to IFRS 3 Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle Amendments to IFRS 1First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments,IFRS 16 Leases, and IAS 41 Agriculture
- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies - effective date 1 January 2023
- Amendments to IAS 8 Definition of Accounting Estimates - effective date 1 January 2023
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction - effective date 1 January 2023

The above standards and amendments issued but not yet effective will be adopted in accordance with their effective dates and have not been adopted in these financial statements. We do not expect the adoption of these standards to have a material impact on the financial statements.

20220929071146

3. Group Accounting Policies

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements are presented in Euros. In case of some entities the functional currencies are different from the presentation currency due to the different primary economic environment in which the subsidiaries operate.

The functional currency of Artemis Midco (UK) Limited is Euro.

Operating Companies	Functional currency
Partner in Pet Food Hungária Kft.	Hungarian Forint
Partner in Pet Food NL B.V.	Euro
Partner in Pet Food SK s.r.o	Euro
Partner in Pet Food Polska Spzoo	Polish Zloty
Partner in Pet Food Czech Republic s.r.o	Czech crown
Doggy AB	Swedish Krona
Landini Giuntini S.p.A	Euro

3.2 Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value of measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which these inputs related to the fair value measurements are observable and the significance of the inputs related to the fair value measurement in their entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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3.2.1 Going concern

Impact of COVID-19 pandemic

The circumstances resulting from COVID-19 pandemic have been creating an unprecedented level of uncertainty in the European Union and beyond since the beginning of 2020. Many countries have imposed travel bans, lockdowns on millions of people and many people in many locations are subject to quarantine measures. Businesses are dealing with lost revenue, extra costs and disrupted supply chains. While some countries have eased the lockdown, the relaxation has been gradual and, in some cases, they have had to re-impose stricter measures to deal with renewed outbreaks. Therefore, the Board has been closely following guidance issued by governments and the different levels of restrictions implemented by them since the outset of the outbreak and will continue to do so.

In response the Board has been taking actions across 4 priority areas since the pandemic started: disruptions to production and supply chain with special focus on employees and unprecedented level of increase in prices of raw and pack materials, potential reduction in revenues, key customer and supplier agreements and potential impacts on its liquidity and financial resources.

The primary focus is on the safety and wellbeing of our employees, suppliers and customers. We have taken steps to protect our colleagues who are considered most vulnerable across the organisation. For our colleagues who work in key production, warehousing and delivery roles, we have introduced strict safety, hygiene and social distancing measures as well as regular testing in the larger factories. In addition, those employees whose roles permit them to do so, have been working from home and business travel across the Group has been very limited since middle of March 2020. All of our production and logistics sites are operational and we are extremely grateful to our dedicated production and supply chain employees as well as to our partners.

Both the Group and its customers are considered to be part of a group of companies called essential business, which, in periods of crisis, is expected to be the least impacted as it provides consumers with basic goods. An EU guidance issued in March 2020 in relation to the continuation of the flow of goods and materials also supports the operation of this Group. At the time of authorising the Financial Statements the Board has not experienced reduction in revenues, neither has any information of a significant customer cancellation. On the contrary until February 2022 organic net sales growth amounted to 8.5% compared to last year, which is in line with the set targets, while providing the customers with excellent service level. Besides, due to new acquisitions, net sales also grew by approximately EUR 4.7 million until the end of February 2022.

Based on past experience of former economic downturns we foresee a more price sensitive market environment. The PPF product portfolio is well suited for such an environment, as the portfolio is pre-dominantly based on private-label, "mainstream" products, which typically perform well under such circumstances when consumers become more price conscious. The Board understand pet food is still considered to be an essential good, hence sales performance is less impacted by any potential decline in general demand in consumer goods. This is consistent with what has been seen since the start of the COVID-19 pandemic. If difficulties were to arise, the Board consider that it would be more likely to be within the production side of the business where challenge arose. Therefore the Board are focusing on this area and ensuring proper plans are developed to keep supply of products going, both in the production (i.e. shift patterns, extra sanitation, protective clothing) and warehousing and transportation (i.e. extra sanitation, flexible deliveries, social distancing). To date no major issue or challenges have been encountered but the Group has plans ready, if required. Given the geographical spread of sales and production of the Group, and the very short supply chain with the exception of some smaller ingredients, we think that full shutdown scenarios are extremely unlikely. Operationally, the Group has continued to operate close to normal and in any scenario operations won't be affected at the same time and to the same extent everywhere.

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The Group has a strong financial base with net cash in the bank of EUR 24.4 million at the financial year end. However, given the highly unusual circumstances arising from COVID-19, the Group is in close contact with banks as the Group finds it important to ensure sufficient available cash at such uncertain times and maintain maximum balance sheet flexibility. This is assured through the unused overdrafts and revolving credit facilities which at the end of February 2022 provide the Group with a sizeable EUR 63 million liquidity pool. Considering governments are trying to find the suitable equilibrium between maintaining the operability of their economies and the containment of the spread of the virus the Board expects the available cash and the pool can support the current size of the business for 6-12 months in such economic environment. The key long-term borrowings require the Group to maintain a leverage below 9.0:1.0 during the lifetime of the loan which is only tested when more than 50% of the revolving credit facilities is drawn at the relevant testing date. According to the latest sensitivity analysis of covenants related to financing, the Group could cope with a reduction of between 30% and 40% on EBITDA. The Board believes it is highly unlikely, given the forecasts and sensitivity analysis noted above that the aforementioned ratios are exceeded or liquidity pool is exhausted. However, should the ratio not be met due to any significant event, beyond the scenarios discussed above, occurring, the Senior Facility Agreement flexibly allows the shareholders to increase equity and improve the ratio above the aforementioned level. At the end of February 2022 the referred leverage ratio was 6.8, the increase from the 2021 year end 6.3 was mostly driven by the acquisition in the beginning of 2022. Under the scenarios outlined above, it is not expected that any covenant issues will arise and the Group would have sufficient time to take mitigating actions available to the Group including the option to discuss further support from shareholders.

War between Russia and Ukraine and its economic impact on the Group

On 24 February 2022 Russian military forces attacked Ukraine. Following the recent events in Ukraine, the Group closely monitors the business situation. The share of Group's sales is less than 3% combined in Russia and Ukraine driven by two customers, Metro Ukraine and ATB and sources no raw- or pack material directly from Russia or Ukraine. Fortunately, year to date sales is only slightly below the budgeted target which serves as a proof of resilience. To date the Group didn't have to stop production or selling to Ukraine due to any direct or indirect impact of the war but only had to implement stronger monitoring processes on debt collection with extra focus on any potential overdue and settlement from the aforementioned two Ukrainian customers. Recent shipments have been successfully delivered and they were settled with bank transfers. Currently the Group does not see that the war would result in significant negative impact. However, due to one of the indirect impacts of the war, which is unprecedented level of price increases of raw- and pack materials and energy prices, the Group has to put continued strong focus on such impacts and follow with price and proactive portfolio management actions to protect its profitability.

The Board has prepared and regularly updated its thorough COVID-19 analysis described in the post balance sheet events section and have been holding occasional sessions to discuss and resolve any issues arising from COVID-19 pandemic. The Board also discusses all other risks, including the direct and indirect impacts of the war between Russia and Ukraine, to the delivery of the annual business plan on a monthly basis and considering its expectations, the above factors, along with the Group's forecasts and projections, the Group and Company expect to generate cash and be able to operate within the level of its current facilities for a minimum period of twelve months from the date of signing these financial statements. After due consideration, the Directors believe the Group and Company have adequate resources to continue in operation for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The principal accounting policies are set out below.

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3.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3.3.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs).

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3.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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3.5 Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.6 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposable group) is available for sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposable group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

3.7 Revenue recognition

The Group recognises revenue from selling pet food.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of pet food to a customer.

3.7.1 Sale of goods

The Group sells pet food to its customers. There are no sales-related warranties associated with the goods.

Revenue is recognised when the related performance obligation is satisfied, being the transfer of control of the goods when they have been shipped to the location the customer has determined (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group in line with revenue recognition, at which point the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

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3.7.2 Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.7.3 Initial recognition of customer receivables and supplier payables

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The imputed rate of interest is the more clearly determinable of either:

(a) the prevailing rate for a similar instrument of an issuer with a similar credit rating; or
(b) a rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue in accordance with IFRS 9.

For more information please see also note 32.8.3.

3.8 Leasing

IFRS 16 has been adopted and applied by the Group for the current and prior year reporting period.

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration.

3.8.1 The Group as lessor

The Group enters into lease agreements as a lessor with respect to some leased real estates.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as an operating lease as the terms of the lease does not transfer substantially all the risks and rewards of ownership to the lessee.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

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3.8.2 The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements (including short term leases) in which it is the lessee.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

In cases when it is applied, the incremental borrowing rate is the fixed percentage rate applied by lessors on existing lease contracts.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as part of the interest-bearing loans and borrowings in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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The right-of-use assets are presented as part of Property, plant and equipment in the consolidated statement of financial position.

The Group applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit and loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group applies this practical expedient.

3.9 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 3.23 below for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated using exchange rates prevailing at the end of each reporting period. Income and expense items are translated monthly by using the average exchange rates for the month. The monthly translated items add up to the items for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

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3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.11 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

Government grants towards staff re-training costs are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

3.12 Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

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3.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

3.13.1 Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of comprehensive income as applicable because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

3.13.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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3.13.3 Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.14 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Plant, machinery, fixtures, fittings and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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Depreciation rates applied by the Group:

Buildings	2.00%	–	33.00%
Leasehold improvements	2.00%	–	33.00%
Machinery & equipment	4.00%	–	50.00%
Laboratory equipment	10.00%	–	40.00%
Furniture & fixtures	10.00%	–	50.00%
Office equipment	14.50%	–	100.00%
Cars & trucks	10.00%	–	50.00%

3.15 Intangible assets

3.15.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.15.2 Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3.15.3 Internally generated intangible assets – development expenditure

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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3.15.4 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.15.5 Amortization rates of intangible assets

Licenses	2.00%	–	50.00%
Software	10.00%	–	50.00%
Product development	10.00%	–	35.00%
Brands	-	–	10.00%
Customer contracts	4.00%	–	8.00%

3.16 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.17 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

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3.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.18.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3.18.2 Restructurings

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

3.18.3 Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

3.18.4 Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount recognised initially less cumulative amount of income recognised in accordance with the principles of IFRS 15.

3.19 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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3.20 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3.20.1 Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.
Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective

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interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

3.20.2 Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

3.20.3 Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'net other financial result' line item (note 13).

3.20.4 Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses (ECL) is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group recognises ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default;
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

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Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are or prior to five years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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3.20.5 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.21 Financial liabilities and equity

3.21.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance
of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.21.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.21.3 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.
However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, are measured in accordance with the specific accounting policies set out below.

3.21.3.1 Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

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A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net other financial result' line item (Note 13) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

3.21.3.2 Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

3.21.3.3 Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognised in the 'net other financial results' line item in profit or loss (Note 13) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

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3.21.3.4 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

3.22 Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and cross currency interest rate swaps.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3.23 Hedge accounting

At the end of the reporting period, the Group had no hedge relationships.

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4. Critical accounting judgments and key sources of estimation uncertainty

In applying the Group's accounting policies, which are described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Key sources of estimation uncertainty

The following is the key sources of estimation uncertainty that has the most significant effect on the amounts recognised in the financial statements.

4.1.1 Purchase price allocation

Since its establishment the Company and its indirect subsidiaries completed various acquisitions and as such accounted for the acquisition using purchase accounting to allocate the purchase price of the purchased entities. The following comprised the key methods through which the purchase price allocation required by purchase accounting was applied to the Company's Financial Statements.

1. At acquisition Property, plant and equipment was revalued to fair market value based on appraised values prepared by a certified, independent valuator. The fair market value was determined for real estate using comparisons to similar transactions and for machinery and equipment using replacement cost less an allowance for the extent of usage.

2. At acquisition the fair valuc of certain intangible assets was recognised, based on appraised values prepared by a certified, independent valuator. The fair value of product development and brand intangibles was determined using the income approach's relief-from-royalty method. The fair value of customer contract intangibles was determined using the multi-period excess earnings analysis.

Please see also Note 35.

4.1.2 Impairment of non-financial assets

The carrying amounts of the Group's goodwill and other indefinite lived intangible assets are subject to an annual impairment test. The carrying amounts of the Group's other non-financial assets are reviewed annually to determine if there's any indication of impairment. If any such indication exists the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. In determining impairment, the Group considers a number of factors, including estimated future revenues and expenses. The key assumptions used to determine the recoverable amount for the different cash-generating units, including sensitivity analysis are further explained in note 18.

The Group considers that the accounting estimate related to asset impairment is a critical accounting policy due to the need to make assumptions regarding the above factors and the material impact that recognising impairment could have on the financial position of the Group and the results of its operations.

There are no other critical judgements in applying the Group's accounting policies.

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5. Revenue

5.1 Revenue of the Group

The following is an analysis of the Group's revenue for the period from continuing operations.

	Year ended 31 December 2021	Year ended 31 December 2020
Revenue from the sale of goods	499 546	339 509
Total Revenue	**499 546**	**339 509**

5.2 Geographical information

The Group operates in seven principal geographical areas – Netherlands, Sweden, Italy, Slovakia, Czech Republic, Hungary and Poland.

The Group's revenue from continuing operations from external customers by location of operations are detailed below.

Revenue from external customers	Year ended 31 December 2021	Year ended 31 December 2020
Hungary	128 071	117 109
Netherlands	97 998	86 353
Italy	78 405	-
Sweden	72 082	23 273
Czech Republic	56 203	51 014
Poland	50 479	46 975
Slovakia	16 308	14 785
Total	**499 546**	**339 509**

5.3 Information about major customers

Revenue from external customers	Year ended 31 December 2021	Year ended 31 December 2020
TOP 3 Customers	106 803	93 849
TOP 4-10 Customers	103 535	85 064
Other Customers	289 208	160 596
Total	**499 546**	**339 509**

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6. Direct material expenses

	Year ended 31 December 2021	Year ended 31 December 2020
Cost of goods sold	(282 176)	(182 061)
Outgoing freight costs	(23 991)	(14 401)
Other costs of sales	(719)	1 693
Total	**(306 886)**	**(194 769)**

Other costs of sales primarily consists of rebates from suppliers and expenses related to purchases and sales of pallets.

7. Employee expenses

	Year ended 31 December 2021	Year ended 31 December 2020
Salaries and wages	(45 143)	(31 666)
Social taxes	(11 151)	(8 394)
Employee bonuses	(3 098)	(4 878)
Contract labour	(9 162)	(5 232)
Remuneration benefits	(5 601)	(3 292)
Recruitment costs	(940)	(460)
Other	(1 193)	(2 239)
Total	**(76 288)**	**(56 161)**

Annual average number of employees	Year ended 31 December 2021	Year ended 31 December 2020
Czech Republic	822	806
Netherlands	180	178
Slovakia	50	48
Hungary	570	549
Poland	46	45
Sweden	221	184
Germany	17	17
Italy	153	-
Total	**2 059**	**1 827**

8. Depreciation and amortization

	Year ended 31 December 2021	Year ended 31 December 2020
Plant and equipment	(19,146)	(12 724)
Buildings	(8,081)	(5 742)
Product development and other	(6,723)	(5 876)
Customer contracts	(3,780)	(1 916)
Brands	(728)	(718)
Software	(615)	(479)
Licenses and trademarks	(7)	(6)
Total	**(39 080)**	**(27 461)**

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9. Net (loss)/gain from disposal of assets

	Year ended 31 December 2021	Year ended 31 December 2020
Gain on disposal of assets	10	3
Loss on disposal of assets	(51)	-
Total	**(41)**	**3**

10. Other expenses

	Year ended 31 December 2021	Year ended 31 December 2020
Utilities	(14 279)	(8 974)
Consultancy	(7 831)	(8 149)
Marketing & promotion	(9 393)	(6 728)
External logistics	(7 823)	(4 980)
Business travel	(2 288)	(2 297)
Repairs and maintenance cost	(6 398)	(3 190)
Factory supplies	(3 621)	(2 349)
Impairment of non-current assets	(207)	(445)
Other costs	(15 752)	(9 553)
Total	**(67 592)**	**(46 665)**

Other costs mainly contain spare parts, waste disposal, laboratory expenses, IT and insurance costs.

11. Other income

Other income represents a claim against one of the Group's suppliers totalling EUR 24 thousand in 2021 (EUR 49 thousand in 2020).

12. Interest income

	Year ended 31 December 2021	Year ended 31 December 2020
Interest income gained on bank deposits	65	35
Interest income on FV adjustment on receivables and payables	43	55
Total	**108**	**90**

13. Net other financial results

	Year ended 31 December 2021	Year ended 31 December 2020
Net foreign exchange gain/(loss)	1 257	(2 414)
Gain on valuation of derivatives	5 714	6 622
Others	(10)	(3)
Total	**6 961**	**4 205**

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14. Interest expense

	Year ended 31 December 2021	Year ended 31 December 2020
Interest on subordinated loans	(36 725)	(29 525)
Interest on long term borrowings	(20 416)	(15 682)
Amortization of debt issue cost	(2 023)	(1 204)
Interest expense on FV adjustment on receivables and payables	(1 325)	(1 103)
Interest on bank overdrafts and loans - other than those from related parties	(753)	(582)
Commitment and agency fees	(681)	(615)
Interest on obligations under leases	(1 166)	(515)
Other	(139)	(97)
Total interest expense and related finance costs	**(63 228)**	**(49 323)**

The weighted average interest rate on funds borrowed generally is 7.8% per annum in 2021 (7.9% in 2020).

15. Income tax credit/(expense)

15.1 Income tax credit/(expense) recognised in profit or loss

	Year ended 31 December 2021	Year ended 31 December 2020
Current tax		
Current tax benefit/(expense) in respect of the current year	220	(84)
Current tax expense in respect of the current year	(3 226)	(1 945)
Total	**(3 006)**	**(2 029)**
Deferred tax		
Deferred tax benefit	5 108	1 580
Deferred tax expense	(217)	(490)
Net change in deferred tax asset and liability	**4 891**	**1 090**
Total	**1 885**	**(939)**

Total income tax credit recognised in the current year relating to continuing operations.

The income tax credit for the year can be reconciled to the accounting profit as follows:

	Year ended 31 December 2021	Year ended 31 December 2020
Loss before tax from continuing operations	(46 476)	(30 523)
Income tax expense calculated at 19% (2020: at 19%)	11 619	5 799
Effect of timing differences in expense recognition	(10 304)	(9 772)
Effect of different tax rates of subsidiaries operating in other jurisdictions	570	3 034
Income tax credit/(expense) recognised in profit or loss (relating to continuing operations)	**1 885**	**(939)**

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The tax rate of 19% is the effective tax rate in the UK. The material tax payments exist in the countries of operation. Two of the seven main tax paying corporate entities operate in countries applying 19% income tax rate. The tax rate used for reconciliations above is the corporate tax rate of 19% payable by corporate entities in Czech Republic and Poland. In Slovakia, Hungary, Sweden, Italy and the Netherlands, the corporation tax rates are 21%, 9%, 20.6%, 24% and 25%, respectively. This is in line with the Group blended tax rate.

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% in the UK from April 2023. This was substantively enacted on 24 May 2021, as result deferred tax balances as at 31 December 2021 are measured at 25%. 2021 announcements were confirmed in March 2022.

15.2 Current tax assets and liabilities

	31 December 2021	31 December 2020
Current tax assets		
Corporate income tax receivable	2 106	417
Total	**2 106**	**417**
Current tax liabilities		
Corporate income tax payable	1 895	746
Total	**1 895**	**746**

15.3 Deferred tax assets and Deferred Tax liabilities

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

	31 December 2021	31 December 2020
Deferred tax assets	2 492	624
Deferred tax liabilities	(27 313)	(18 894)
Total	**(24 821)**	**(18 270)**

	Opening balance at 1 January 2021	Recognised due to the acquisition	Recognised in profit or loss	Effect of foreign currency exchange differences	Closing balance at 31 December 2021
Deferred tax assets in relation to:					
Provisions	214	-	(30)	(2)	182
Losses generated in the previous year	-	-	1 326	-	1 326
Purchase accounting		-	150	-	150
Machinery/Equipment		-	302	-	302
Buildings	589	-	48	-	637
Other	(179)	-	74	-	(105)
Total	**624**	**-**	**1 870**	**(2)**	**2 492**

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	Opening balance at 1 January 2021	Recognised due to the acquisition	Recognised in profit or loss	Effect of foreign currency exchange differences	Closing balance at 31 December 2021
Deferred tax liabilities in relation to:					
Acquisition deferred tax liability	(21 288)	(12 059)	2 549	206	(30 592)
Tax NBV less accounting NBV	2 521	-	577	389	3 487
Buildings	24	-	-	-	24
Machinery/Equipment	(265)	-	31	4	(230)
Intangibles	(467)	-	(95)	7	(555)
Purchase accounting	(4)	-	-	-	(4)
Provision to inventory	164	-	(6)	9	167
Provisions	74	-	37	3	114
Non-paid social and health security	-	-	(95)	-	(95)
Losses generated in the previous year	77	-	49	(1)	125
Other	270	-	(26)	2	246
Total	**(18 894)**	**(12 059)**	**3 021**	**394**	**(27 313)**

Recognised in profit or loss contains only origination and reversal of temporary differences, there were no changes in tax rate or write-down of previously recognised deferred tax assets.

	Opening balance at 1 January 2020	Recognised due to the acquisition	Recognised in profit or loss	Effect of foreign currency exchange differences	Closing balance at 31 December 2020
Deferred tax assets in relation to:					
Provisions	138	-	87	(11)	214
Buildings	538	-	51	-	589
Other	(199)	-	21	(1)	(179)
Total	**477**	**-**	**159**	**(12)**	**624**

	Opening balance at 1 January 2020	Recognised due to the acquisition	Recognised in profit or loss	Effect of foreign currency exchange differences	Closing balance at 31 December 2020
Deferred tax liabilities in relation to:					
Acquisition deferred tax liability	(12 197)	(10 096)	1 014	(9)	(21 288)
Tax NBV less accounting NBV	3 171	-	(200)	(450)	2 521
Buildings	24	-	-	-	24
Machinery/Equipment	(282)	-	(9)	26	(265)
Intangibles	(493)	-	(19)	45	(467)
Purchase accounting	(6)	-	2	-	(4)
Provision to inventory	212	-	(41)	(7)	164
Provisions	68	-	8	(2)	74
Losses generated in the previous year	8	-	71	(2)	77
Other	177	-	105	(12)	270
Total	**(9 318)**	**(10 096)**	**931**	**(411)**	**(18 894)**

Recognised in profit or loss contains only origination and reversal of temporary differences, there were no changes in tax rate or write-down of previously recognised deferred tax assets.

Deferred tax assets and deferred tax liabilities have been offset as the entity has the enforceable right to set off current tax assets and liabilities and are related to the same taxable entity.

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16. Property, plant and equipment

Cost	Freehold land	Buildings	Plant and equipment	Construction In progress	Total
Balance at 1 January 2021	5 093	43 685	113 071	7 894	169 743
Acquired (note 35)	1 628	11 221	10 161	17	23 027
Additions	229	2 579	13 218	17 806	33 832
Leasing additions	-	11 121	3 585	-	14 706
Disposals	-	(273)	(1 630)	-	(1 903)
Leasing disposals	-	(3 315)	(1 370)	-	(4 685)
Effect of foreign currency exchange differences	(13)	890	3 082	424	4 383
Balance at 31 December 2021	**6 937**	**65 908**	**140 117**	**26 141**	**239 103**

Accumulated depreciation and impairment	Freehold land	Buildings	Plant and equipment	Construction In progress	Total
Balance at 1 January 2021	-	(7 248)	(18 963)	(220)	(26 431)
Disposals	-	270	1 586	-	1 856
Leasing disposals	-	3 108	1 176	-	4 284
Depreciation expense	-	(2 466)	(17 386)	-	(19 852)
Depreciation expense leases	-	(5 613)	(1 760)	-	(7 373)
Impairment	-	-	(73)	-	(73)
Effect of foreign currency exchange differences	-	(861)	(2 157)	-	(3 018)
Balance at 31 December 2021	**-**	**(12 873)**	**(37 603)**	**(220)**	**(50 696)**
Carrying amount	**6 937**	**53 035**	**102 514**	**25 921**	**188 407**
Of which right of use	-	9 585	8 702	-	18 287

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Cost	Freehold land	Buildings	Plant and equipment	Construction In progress	Total
Balance at 1 January 2020	4 597	38 655	90 489	8 532	142 273
Acquired (note 35)	542	5 485	19 002	-	25 029
Additions	-	1 866	10 789	(248)	12 407
Leasing additions	-	3 992	1 870	-	5 862
Disposals	-	(4)	(1 815)	-	(1 819)
Leasing disposals	-	(2 790)	(2 139)	-	(4 929)
Effect of foreign currency exchange differences	(46)	(3 519)	(5 125)	(390)	(9 080)
Balance at 31 December 2020	**5 093**	**43 685**	**113 071**	**7 894**	**169 743**

Accumulated depreciation and impairment	Freehold land	Buildings	Plant and equipment	Construction In progress	Total
Balance at 1 January 2020	0	(6 691)	(11 974)	(220)	(18 885)
Disposals	-	4	1 328	-	1 332
Leasing disposals	-	2 829	1 453	-	4 282
Depreciation expense	-	(1 699)	(11 621)	-	(13 320)
Depreciation expense other leases	-	(4 043)	(1 103)	-	(5 146)
Impairment	-	-	(238)	-	(238)
Effect of foreign currency exchange differences	-	2 352	3 192	-	5 544
Balance at 31 December 2020	**-**	**(7 248)**	**(18 963)**	**(220)**	**(26 431)**
Carrying amount	**5 093**	**36 437**	**94 108**	**7 674**	**143 312**
Of which right of use	-	4 691	8 600	-	13 291

For more information on acquisitions and acquired assets see note 35.

17. Property, plant and equipment and Intangibles (CAPEX)

	31 December 2021	31 December 2020
Addition of Property, plant and equipment and Intangibles	37 175	15 905
Change in payables of purchased Property, plant and equipment and Intangibles	(1 221)	2 729
CAPEX paid	**35 954**	**18 634**

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The capitalisation of right of use assets was EUR 14 706 thousand in 2021 (EUR 5 862 thousand in 2020), which were not incorporated in the above table. Related cash flows are presented in the cash flow statement under Repayment of leases line.

18. Goodwill

	2021	2020
Cost		
Balance at 1 January	374 913	362 778
Recognition on business combination (note 35)	48 754	11 830
Remeasurement of former business combinations	667	-
Effect of foreign currency exchange differences	(176)	305
Balance at 31 December	**424 158**	**374 913**
Accumulated impairment losses at 31 December	**-**	**-**
Carrying amount at 31 December	**424 158**	**374 913**

18.1 *Allocation of goodwill to cash-generating units*

Goodwill has been allocated for impairment testing purposes to the following cash-generating units ("CGU").

- Western Europe
- Central Europe

Before recognition of impairment losses, the carrying amount of goodwill (other than goodwill relating to discontinued operations) was allocated to cash-generating units as follows.

	Year ended 31 December 2021	Year ended 31 December 2020
Western Europe	159 547	110 302
Central Europe	264 611	264 611
Total Goodwill	**424 158**	**374 913**

The recoverable amount for each cash-generating unit is determined based on a valuation in use calculation which uses cash flow projections through 2024 based on financial budgets approved by the directors, and an appropriate discount rate. Termination value is determined for the period after 2024, with two percent growth rate.

8.00% Weighted Average Cost of Capital ("WACC") has been determined for Central Europe and 6.63% for Western Europe. Both are computed as the earnings - weighted average of the individual WACC of the business units.

Sensitivity analyses shows that the recoverable amount would have been increased (decreased) by EUR 8.4 million in 2021 if the Net Operating Income (NOI) had been 1% higher (lower) for every period for Central Europe CGU, and by EUR 3.1 million for Western Europe CGU. Reduction of NOI by 1% would result in headroom of EUR 205.0 million. If WACC was 1% higher in every period, the recoverable amount would decrease by EUR (103.1) million in 2021 for Central Europe CGU, and by EUR (55.6) million for Western Europe CGU. NOI would have to decrease by 15.2% to trigger an impairment of Goodwill.

Cash flow projections during the budget period are based on the same expected gross margins and raw materials price inflation throughout the budget period. Any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

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19. Other intangible assets

Cost	Licenses and trademarks	Software	Product development and other	Brands	Customer contracts	Other intangible assets work in progress	Total
Balance at 1 January 2021	70	1 597	31 722	26 785	54 295	2 330	116 799
Purchased through acquisition	-	36	5 487	9 711	23 823	-	39 057
Additions	-	663	1 973	-	-	707	3 343
Disposals	-	(11)	(259)	-	-	-	(270)
Effect of foreign currency exchange differences	5	(24)	(1)	(388)	(360)	(46)	(814)
Balance at 31 December 2021	**75**	**2 261**	**38 922**	**36 108**	**77 758**	**2 991**	**158 115**

Accumulated amortization and impairment	Licenses and trademarks	Software	Product development and other	Brands	Customer contracts	Other intangible assets work in progress	Total
Balance at 1 January 2021	(52)	(838)	(12 484)	(1 735)	(4 084)	-	(19 193)
Amortization expense	(8)	(615)	(6 723)	(728)	(3 780)	-	(11 854)
Impairment	-	-	(134)	-	-	-	(134)
Disposals	-	2	124	-	-	-	126
Effect of foreign currency exchange differences	(3)	25	76	9	22	-	128
Balance at 31 December 2021	**(63)**	**(1 426)**	**(19 141)**	**(2 455)**	**(7 842)**	**-**	**(30 927)**
Carrying amount	**12**	**835**	**19 781**	**33 653**	**69 916**	**2 991**	**127 188**

Cost	Licenses and trademarks	Software	Product development and other	Brands	Customer contracts	Other intangible assets work in progress	Total
Balance at 1 January 2020	77	1 665	25 488	7 484	36 395	2 585	73 694
Purchased through acquisition	-	-	4 081	18 772	17 408	-	40 261
Additions	3	329	3 148	-	-	18	3 498
Disposals	-	(78)	(506)	-	-	-	(584)
Effect of foreign currency exchange differences	(10)	(319)	(489)	529	492	(273)	(70)
Balance at 31 December 2020	**70**	**1 597**	**31 722**	**26 785**	**54 295**	**2 330**	**116 799**

Accumulated amortization and impairment	Licenses and trademarks	Software	Product development and other	Brands	Customer contracts	Other intangible assets work in progress	Total
Balance at 1 January 2020	(54)	(693)	(7 334)	(1 018)	(2 164)	0	(11 263)
Amortization expense	(7)	(479)	(5 876)	(718)	(1 916)	-	(8 995)
Impairment	-	-	(207)	-	-	-	(207)
Disposals	-	78	299	-	-	-	377
Effect of foreign currency exchange differences	9	256	634	1	(4)	-	895
Balance at 31 December 2020	**(52)**	**(838)**	**(12 484)**	**(1 735)**	**(4 084)**	**-**	**(19 193)**
Carrying amount	**18**	**759**	**19 238**	**25 050**	**50 211**	**2 330**	**97 606**

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20. Other current assets

	31 December 2021	31 December 2020
Derivatives	5 461	-
Operating receivables	1 835	1 286
VAT and other tax receivables	3 309	1 195
Prepayments	2 476	2 259
Other current receivables and assets	1 230	1 597
Total other current assets	**14 311**	**6 337**

For more information on derivatives see note 32.

21. Inventories

	31 December 2021	31 December 2020
Raw materials	7 504	4 253
Inventory (packaging)	11 945	7 825
Inventory (other supplies)	979	804
Inventory (Semi Finished)	2 260	1 434
Finished goods	22 179	22 136
Inventory (traded products)	4 943	3 849
Provision	(1 095)	(1 408)
Total Inventories	**48 715**	**38 893**

22. Trade receivables

	31 December 2021	31 December 2020
Trade receivables	73 824	52 048
Allowance for doubtful debts	(2 039)	(425)
Other	(32)	(32)
Total receivables	**71 753**	**51 591**

22.1 Trade receivables

The average credit period on sales of goods is commonly 45 days. No interest is charged on trade receivables for the first 45 days from the date of the invoice. More information in Note 32.8.3.

The Group has recognised an allowance for doubtful debt against receivables that as a result of the number of days overdue and the company's experience with the customer management determines it to be not recoverable. Allowances for doubtful debts are recognised against trade receivables by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.
Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed annually.

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Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Age of receivables that are past due but not impaired

	31 December 2021	31 December 2020
Receivables – < 30 days overdue	3 974	3 732
Receivables – 30–90 days overdue	1 037	945
Receivables – 91–180 days overdue	65	98
Receivables – 181–365 days overdue	97	162
Receivables – > 365 days overdue	1 166	46
Total	**6 339**	**4 983**
Average age (days)	50	37

Movement in the allowance for doubtful debts

	31 December 2021	31 December 2020
Balance at beginning of the period	(425)	(426)
Business combination	(1 522)	-
Impairment losses recognised on receivables	(356)	(58)
Reversal of impairment losses	67	15
Disposal	214	36
FX effect	(17)	8
Balance at end of the year	**(2 039)**	**(425)**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Included in the allowance for doubtful debts are individually impaired trade receivables amounting to EUR 2 039 thousand (EUR 425 thousand in 2020). The impairment recognised represents the difference between the carrying amount of these trade receivables and the expected proceeds. The Group does not hold any collateral over these balances.

23. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts in the cash pool. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	31 December 2021	31 December 2020
Cash and bank balances	55 529	57 940
Bank overdrafts	(31 161)	(34 487)
Cash equivalents	-	-
Total	**24 368**	**23 453**

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24. Share capital and Share premium

	31 December 2021	31 December 2020
Share capital*	14	13
Additional paid share premium	25 566	25 418
Total	**25 580**	**25 431**

* Share capital is EUR 13 637.940 at the end of 2021 (at the end of 2020: EUR 13 489.36), based on the law in the United Kingdom.

Issued capital comprises:

	31 December 2021	31 December 2020
Fully paid ordinary shares	14	13

24.1 Fully paid ordinary shares

	Number of shares	Share capital	Share premium
Balance at 1 January 2020	13 452 894	13	25 382
Capital increase	36 466	0	36
Balance at 31 December 2020	13 489 360	13	25 418
Capital increase	148 580	1	148
Balance at 31 December 2021	13 637 940	14	25 566

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Fully paid ordinary shares, which have a par value of EUR 0.001, carry one vote per share and carry a right to dividends.

25. Interest-bearing loans and borrowings

Secured - at amortized cost	31 December 2021	31 December 2020
Short term portion of long term loans	8 813	6 887
Long term financial payable Syndicated Group Facility	417 525	332 435
Long term financial payable other bank loans	2 257	1 592
Lease liabilities	18 476	12 969
Total Borrowings	**447 071**	**353 883**

In detail	31 December 2021	31 December 2020
Short term portion of long term loans	8 813	6 887
Short term portion of lease liabilities	6 550	4 821
Long term financial payable Syndicated Group Facility	425 000	340 000
Debt issue cost non-current amount	(7 475)	(7 565)
Long term financial payable other bank loans	2 257	1 592
Long term lease liabilities	11 926	8 148
Total Borrowings	**447 071**	**353 883**
of which long term	*431 708*	*342 176*
of which short term	*15 363*	*11 707*

	31 December 2021	31 December 2020
Debt issue cost		
Underwriting fee and OID fee	(7 565)	(5 301)
New OID and Upfront fee	(1 840)	(3 468)
Amortized during the year	2 023	1 204
FX effect	(93)	-
Total	**(7 475)**	**(7 565)**

On 13 June 2018 the Group entered into EUR 310 000 000 Senior Facilities Agreement with a syndicated group of creditors for the purpose of financing ongoing operations of the Company. In connection with this agreement the Company incurred EUR 6 122 thousand of debt issue cost which is amortized over the seven-year term of the Senior Facilities Agreement.

In 2019 Facility B was increased by EUR 10 000 000 and Facility Revolving was increased in two instances by EUR 17 000 000. As a result of the increases the Group incurred EUR 475 thousand of debt issue cost which is amortized during the remaining term of the Senior Facilities Agreement.

In 2020 Facility B was increased by EUR 65 000 000. As a result of the increases the Group incurred EUR 3 468 thousand of debt issue cost which is amortized during the remaining term of the Senior Facilities Agreement.

In 2021 Facility B was increased by EUR 70 000 000. As a result of the increases the Group incurred EUR 1 840 thousand of debt issue cost altogether which is amortized during the remaining terms of the Senior Facilities Agreement. In addition, on 11 January 2021 the Group entered into a new EUR 15 000 000 Second Lien Facility Agreement with a maturity date of 23 July 2026.

For more information on undrawn facility, please see Note 32.8.2.

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Summary of key borrowing arrangements

Subject to the term of the loan contract, the creditors made available the following facilities:

- Facility B Commitments
- Revolving Facility Commitments
- Second Lien Facility Commitments

Table 1	Balance at 1 January 2021	Net repayment or drawdown in 2021	Change in interest payable	Balance at 31 December 2021
Facility B	342 436	70 000	516	412 952
Facility Revolving	-	-	-	-
Second Lien	-	15 000	220	15 220
Total	**342 436**	**85 000**	**736**	**428 172**

	Original amount	Net repayment or drawdown in 2020	Change in interest payable	Balance at 31 December 2020
Facility B	277 078	65 000	358	342 436
Facility Revolving	-	-	-	-
Total	**277 078**	**65 000**	**358**	**342 436**

Interest for Facility Revolving is EURIBOR + 3,5%, for Facility B is EURIBOR + 4% and for Second Lien is EURIBOR + 7.5%.

In respect of the Senior Facilities Agreement, the testing of the financial covenants started from 2019 and remain in force as long as any amount is outstanding. The management performs monthly analysis and reports to the creditors on a monthly basis. The Group should meet the following financial covenants: Debt less cash divided by an agreed measure of earnings.

Facility B and Second Lien are fully utilized, not available for use at the moment. Facility Revolving is available for use until six years from 23 July 2018.

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Lease liability

	Lease liability 31 December 2021	Lease liability 31 December 2020
Finance lease liability	5 356	6 086
Other lease liability	13 120	6 883
Total lease liability	**18 476**	**12 969**

Gross debt payable (Table 2)

	Gross debt payable 31 December 2021	Gross debt payable 31 December 2020
Facility B	410 000	340 000
Facility Revolving	-	-
Second Lien	15 000	-
Factoring and other loans	7 899	6 043
Finance lease liability	5 356	6 086
Overdraft	14 895	4 696
Total	**453 150**	**356 825**

The difference between gross debt and the debt roll-forward disclosure above (Table 1 and 2) results primarily from the overdraft and accrued interest. Gross debt does not include the subordinated loans and other lease liabilities as stipulated by the Senior Facilities Agreement.

Securities

Pursuant to the Senior Term and Revolving Agreement the Company and its affiliates have pledged all of their bank accounts, all of their proceeds from insurance receivables, as well as shares owned within PPF Group as securities. The security obligations pursuant to the Senior Facilities Agreement and recording thereof in the applicable official registrations remain in force since their contractual establishment (13 June 2018).

The security for the Second Lien is the same as for the Senior Facility Agreement, but with an explicitly junior ranking vs. the Senior Facility Agreement. On the main transaction collateral the Second Lien Facility is junior to the Senior Facility Agreement but senior to everything else. For those assets around the group which are not pledged as security for the Senior Facility Agreement and Second Lien Facility Agreement, any pledge in favour of another debt will rank ahead of the Senior Facility Agreement and Second Lien Facility agreement in respect of these assets.

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26. Subordinated loan

The shareholder of the Group granted a subordinated loan to the Group in July 2018. The principal amount is EUR 247 900 thousand with a fixed interest rate of 10%. Since July 2018 the Group has been granted with additional subordinated loans by its shareholder several times, specifically additional EUR 28 972 thousand during the year (EUR 18 593 thousand in 2020). The fixed interest rate of 10% applies to each loan increase.
The loans are subordinated to the Senior Facilities, mentioned above.
Maturity is 40 years, neither principal nor interest can be paid unless the agreement of the syndicate permits it.
The subordinated loans are not considered as part of the gross debt.

	31 December 2021	31 December 2020
Principal	267 394	248 801
Capitalised interest	67 136	37 611
Additional principal	28 972	18 593
Accrued interest	36 725	29 525
Total	**400 227**	**334 530**

27. Overdraft

In July 2018 the Group entered into overdraft agreements for a total amount of EUR 15 000 thousand.
In July 2019 the Group entered into an additional, new overdraft agreement for a total amount of EUR 5 000 thousand.
This is a separate facility to the bank cash-pooling overdraft which is included within note 23.
The overdraft is considered as part of the gross debt.

	31 December 2021	31 December 2020
Overdraft	14 895	4 696
Unused	5 105	15 304
Total commitment	**20 000**	**20 000**

28. Provisions

28.1 Long term provisions

	1 January 2021	Purchased through acquisition	Additions	Reclassification	FX effect	31 December 2021
Long term provisions: Italian indemnity	-	764	(34)	-	-	730
Long term provisions: other	311	-	(25)	(179)	17	123
Total provisions	**311**	**764**	**(59)**	**(179)**	**17**	**853**

	1 January 2020	Purchased through acquisition	Additions	Reclassification	FX effect	31 December 2020
Long term provisions: other	692	-	(349)	-	(32)	311
Total provisions	**692**	**-**	**(349)**	**-**	(32)	**311**

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Other long-term provisions contain a provisions for consignment stock that are long-term in nature and are not estimated to be utilised in 2022.

28.2 Short term provisions

	31 December 2021	31 December 2020
Tax provision	477	155
Environmental provision	-	21
Other provision for customer claims	313	31
Total	**790**	**207**

29. Other current liabilities

	31 December 2021	31 December 2020
Payable linked to the acquisition of Property, Plant and Equipment and Intangibles	2 970	704
VAT payable	2 104	934
Social taxes and insurance	2 408	1 763
Other liabilities to shareholder	10	10
Other non-operating payables	1 445	1 375
Total current liabilities	**8 937**	**4 786**

30. Other non-current liabilities

	31 December 2021	31 December 2020
Derivatives	3	253
Total non-current liabilities	**3**	**253**

For more information on derivatives see also note 32.

31. Trade and other payables

	31 December 2021	31 December 2020
Trade accounts payables	99 854	78 875
Salaries, wages and other employee related payables	7 118	7 200
Other payables	13 318	9 262
Total	**120 290**	**95 337**

32. Financial instruments

32.1 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of long-term debt (borrowings as detailed in note 25, offset by cash and bank balances as detailed in note 23), subordinated loan (in note 26) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 24).

The Group is not subject to any externally imposed capital requirements.

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The Group's Board reviews the capital structure of the Group on at least a quarterly basis. The Group has no leverage requirement as part of its financial covenants resulting from its Senior Facilities Agreement. The first such requirement came into force on 30 June 2019 with a leverage requirement of 9.0. At 31 December 2021 the Company's leverage ratio was 6.54 (at 31 December 2020: 5.31), which is well below the aforementioned requirement.

32.2 Categories of financial instruments

Financial assets	31 December 2021	31 December 2020
Cash and bank balances	24 368	23 453
Loans extended and trade receivables	71 784	51 623

At the end of the reporting period, there are no significant concentrations of credit risk for loans and receivables. The carrying amount reflected above represents the Group's maximum exposure to credit risk for such loans and receivables.

32.3 Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments and spot FX transactions to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

32.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note 32.5 below) and interest rates (see note 32.6 below). The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including:

- forward foreign exchange contracts to hedge the exchange rate risk and
- interest rate swaps to mitigate the risk of rising interest rates.

Market risk exposures are measured by sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

32.5 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts.

32.5.1 Foreign currency sensitivity analysis

The Group is mainly exposed to the currency of Poland.

There is natural hedge in case of the Hungarian Forint and the Czech Crown. Since HUF and CZK revenues are not significantly different from HUF and CZK costs the Group does not have significant HUF or CZK exposure.

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The following table details the Group's sensitivity to a 10% increase and decrease in the EUR against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the EUR changes 10% against the relevant currency. For a 10% weakening of the relevant currency against EUR, there would be a comparable impact on the profit or equity, and the balances below would be negative.
The following table contains the Polish Zloty impact on Profit or loss based on the difference between the Polish Zloty inflows (sales) and outflows (SG&A) of the Polish subsidiary, while the impact on equity is determined based on the trade accounts payables and payable at year-end to its related parties.

	Impact of the Polish Zloty 2021	Impact of the Polish Zloty 2020
Profit or loss	4 736	4 510
Equity	1 064	660

The Group entered into a currency swap contract as part of the foreign exchange rate strategy to mitigate the foreign exchange rate risk of PLN.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

32.6.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's:

- profit for the year ended 31 December 2021 would decrease/increase by EUR 1 643 thousand (for the year ended 31 December 2020: EUR 1 208 thousand). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

32.6.2 Cross currency interest rate swap contract

Under cross currency interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on two agreed, different currency notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest and foreign currency rates on the fair value of issued fixed rate debt in one currency and the cash flow exposures on the issued variable rate debt in the other currency. The fair value of cross currency interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using market rates at the end of the reporting period. The average interest rate is based on the outstanding balances at the end of the reporting period.

The notional amount of the cross-currency interest rate swap agreement concluded by the group amounted to EUR 100 000 thousand to swap the group's floating rate EURIBOR exposure to a fixed PLN rate of 7.598%. The notional amount of the fix PLN rate is PLN 437 860 thousand. The cross-currency interest rate swap agreement will expire in October 2022.

32.7 Credit risk management

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Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by relevant managers.
Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

32.8 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 32.8.2 below sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

32.8.1 Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities based on contractual undiscounted payments.

31 December 2021	Weighted average effective interest rate %	Less than 3 months	3 months to 1 year	1-5 years	5+ years	Total
Non-interest bearing	-	101 297	-	-	-	101 297
Fix interest rate debt	5.82	1 871	6 460	14 118	74	22 523
Fix interest rate subordinated debt	10.00	-	-	-	296 366	296 366
Variable interest rate debt	3.98	3 904	-	425 000	-	428 904
Total		**107 072**	**6 460**	**439 118**	**296 440**	**849 090**

31 December 2020	Weighted average effective interest rate %	Less than 3 months	3 months to 1 year	1-5 years	5+ years	Total
Non-interest bearing	-	79 467	-	-	-	79 467
Fix interest rate debt	5.55	1 557	3 677	8 774	1 021	15 028
Fix interest rate subordinated debt	10.00	-	-	-	267 394	267 394
Variable interest rate debt	3.97	3 984	-	340 000	-	343 984
Total		**85 008**	**3 677**	**348 774**	**268 415**	**705 873**

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets.

31 December 2021	Weighted average effective interest rate %	Less than 3 month	3 months to 1 year	1-5 years	5+ years	Total
Non-interest bearing	-	75 605	-	-	-	75 605
Total		**75 605**	**-**	**-**	**-**	**75 605**

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31 December 2020	Weighted average effective interest rate %	Less than 3 month	3 months to 1 year	1-5 years	5+ years	Total
Non-interest bearing	-	53 282	-	-	-	53 282
Total		**53 282**	-	-	-	**53 282**

32.8.2 Financing facilities

	31 December 2021	31 December 2020
Syndicated Revolving Credit Facility:		
- amount used	-	-
- amount unused	62 000	62 000
Total	**62 000**	**62 000**

32.8.3 Initial recognition of customer receivables and supplier payables

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

General payment terms applied by independent parties on the markets where the Group has subsidiaries have been established at 45 days.

The following imputed rates of interest are applied for discounting:

(a) the local currency syndicated loan average interest rates and

(b) since the Group does not have CZK or HUF denominated syndicated loan: average PRIBOR or BUBOR with the mark-up applied at the syndicated loan.

At initial recognition both the customer receivables and supplier payables are decreased to their fair value along with the decrease in sales revenue and costs.

The Group recognised EUR 1 380 thousand (for the year ended 2020: EUR 1 142 thousand) net income on profit before finance cost and taxes level from initial recognition of customer receivables and supplier payables, of which EUR 1 281 thousand (for the year ended 2020: EUR 1 048 thousand) was recognised as financing cost and EUR 99 thousand (for the year ended 2020: EUR 94 thousand) was recognised as change in trade receivables and trade payables.

Subsequent measurement of customer receivables and supplier payables

After initial recognition the customer receivables and supplier payables are carried at amortised cost. After 45 days the Group starts to account for interest revenue or interest expense. The total difference between the fair value and the nominal amount of the consideration is recognised as interest revenue or interest expense. Please see also Note 12, Note 14, and Note 25.

There is no material difference between the fair value and carrying value of financial instruments.

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33. Deferred revenue

At 31 December 2021 the Group did not have any deferred revenue (31 December 2020: nil).

34. Related party transactions

The Group had a subordinated loan granted by the shareholder. Note 26 contains more information.

The Group had the following related party transactions with subsidiaries of Cinven and the non-executive director:

	31 December 2021	31 December 2020
Management fee	233	547
Other expenses	**233**	**547**

There are receivables from subsidiaries of Cinven amounting to EUR 1 226 thousand (2020: EUR 725 thousand) and payables to a subsidiary of Cinven amounting to EUR 10 thousand at the end of 2021 (2020: EUR 331 thousand).
The remuneration of the directors and other members of key management during the year was EUR 1 820 thousand (2020: EUR 1 760 thousand).

The Group has accrued no bonuses for top management in 2021 (2020: EUR 530 thousand).

35. Business combinations

35.1 Legal entities acquired

Acquired legal entities:

2021

	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %	Consideration transferred
Landini Giuntini S.p.A.	Manufacture and sale of pet food	12 January 2021	100%	115 000

Acquired legal entities:

2020

	Principal activity	Date of acquisition	Proportion of voting equity interests acquired %	Consideration transferred
Agota AB	Manufacture and sale of pet food	1 September 2020	100%	57 143

Subsidiaries:

Doggy AB
Agota Real Estate AB
Bozita Gmbh

All of the subsidiaries are fully owned by Agota AB.

Furthermore, in December 2020 the Group also acquired 100% of the shares and voting equity interest in an Italian legal entity, called PPF Italy S.p.A. The consideration paid in 2020 for the Company amounted to EUR 50 thousand.

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35.2 Effect on the Group's assets and liabilities

Acquisition made during the year ended 31 December 2021

The acquisition of Landini Giuntini S.p.A., which took place with the effective date of 12 January 2021, had the following effect on the Group's assets and liabilities as of acquisition date:

	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values in Group BS
Cash and cash equivalents	12 367	-	12 367
Trade and other receivables	16 531	-	16 531
Inventory	6 175	-	6 175
Property, plant and equipment	11 802	11 225	23 027
Intangible assets	36	39 021	39 057
Other non-current assets	-	-	-
Trade and other payables	(14 075)	(68)	(14 143)
Interest bearing loans and borrowings	(3 933)	-	(3 933)
Provisions	(867)	103	(764)
Other non-current liabilities	(12)	-	(12)
Deferred tax liabilities	-	(12 059)	(12 059)
Net identifiable assets and liabilities	28 024	38 222	66 246
Goodwill on acquisition			48 754
Total consideration			115 000
Less deferred consideration			-
Consideration paid			115 000
Cash and cash equivalents (acquired)			(12 367)
Net cash outflow			102 633

Goodwill arose in the acquisition of Landini Giuntini S.p.A. because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Acquisition made during the year ended 31 December 2020

The acquisition of Agota AB and subsidiaries , which took place with the effective date of 1 September 2020, had the following effect on the Group's assets and liabilities as of acquisition date:

	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values in Group BS
Cash and cash equivalents	1 957	-	1 957
Trade and other receivables	7 292	-	7 292
Inventory	8 684	-	8 684
Property, plant and equipment	15 963	9 066	25 029
Intangible assets	-	40 262	40 262
Other non-current assets	-	-	-
Trade and other payables	(14 736)	(2)	(14 738)
Interest bearing loans and borrowings	(12 665)	(345)	(13 010)
Other non-current liabilities	-	-	-
Deferred tax liabilities	(67)	(10 096)	(10 163)
Net identifiable assets and liabilities	6 428	38 885	45 313
Goodwill on acquisition			11 830
Total consideration			57 143
Less deferred consideration			-
Consideration paid			57 143
Cash and cash equivalents (acquired)			(1 957)
Net cash outflow			55 185

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Furthermore, the acquisition of PPF Italy had no significant effect on the Group's assets and liabilities. The Group acquired EUR 3 thousands of cash and cash equivalents, EUR 47 thousands of trade and other receivables and whereby the net identifiable assets acquired with PPF Italy resulted nil goodwill.

Goodwill arose in the acquisition of Agota AB and subsidiaries because the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

35.3 Contribution from the acquisition made during the year to the Group's revenues and profits is as follows:

Acquisition made during the year ended 31 December 2021

	Revenue	Profit before tax
Landini Giuntini S.p.A.	78 406	840

Had the Group owned the acquired business since 1 January 2021 the approximate contributions in the current year Group's revenue and profits would have been as follows:

	Revenue	Profit before tax
Landini Giuntini S.p.A.	80 078	942

Acquisition made during the year ended 31 December 2020

	Revenue	Profit before tax
Agota AB and subsidiaries	23 274	917

Had the Group owned the acquired business since 1 January 2020 the approximate contributions in the current year Group's revenue and profits would have been as follows:

	Revenue	Profit before tax
Agota AB and subsidiaries	64 717	3 669

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36. Notes to the cash flow statement

Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	1 January 2021	Financing cash flows (i)	Acquisition of subsidiary	Change in fair value adjustments	New finance leases	Other changes (ii)	31 December 2021
Bank loans (Note 25)	339 322	83 000	3 933	-	-	83	426 338
Overdraft (Note 27)	4 696	10 199	-	-	-	-	14 895
Loans from related parties (Note 26)	334 530	28 972	-	-	-	36 725	400 227
Lease liabilities (Note 25)	14 561	(8 136)	-	-	14 660	(352)	20 733
Interest rate swaps fair value hedging	253	-	12	(262)	-	-	3
Total liabilities from financing activities	**693 362**	**114 035**	**3 945**	**(262)**	**14 660**	**36 456**	**862 196**

	1 January 2020	Financing cash flows (i)	Acquisition of subsidiary	Change in fair value adjustments	New finance leases	Other changes (ii)	31 December 2020
Bank loans (Note 25)	271 777	59 839	7 287	-	-	419	339 322
Overdraft (Note 27)	19 325	(14 629)	-	-	-	-	4 696
Loans from related parties (Note 26)	285 473	19 532	-	-	-	29 525	334 530
Lease liabilities (Note 25)	7 461	(5 374)	5 723	-	5 944	807	14 561
Interest rate swaps fair value hedging (iii)	6 875	-	-	(6 622)	-	-	253
Total liabilities from financing activities	**590 911**	**59 368**	**13 010**	**(6 622)**	**5 944**	**30 751**	**693 362**

(i) The cash flows from bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the cash flow statement.

(ii) Other changes include interest accruals and payments.

(iii) Change in fair value adjustments on the EUR/PLN cross currency interest rate swap contracts amounted to EUR 5,714 thousand which resulted that the fair value of the contracts turned to asset position of EUR 5,461 thousand.

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37. Post balance sheet events

Following successfully receiving regulatory approvals in Poland, as of 1 April 2022 the Group successfully acquired G-Mart and Zakład Przetwórstwa Rolniczego businesses from their private individual owner. The aforementioned businesses are more widely known as the Werblinski pet food business, which was established in 2002 and has had a long and successful history of producing high quality dog and cat food for both Polish and international customers including supermarkets and pet specialty retailers.

Following successfully receiving regulatory approvals in Poland, as of 1 February 2022 the Group successfully acquired 100% of the shares of Mispol S.A. and its subsidiary, KSK BONO s.r.o., which companies form one of the leading Polish pet food manufacturers. According to its unaudited IFRS consolidated financial statements Mispol S.A. reported annual net sales of EUR 41.1 million and net loss of EUR 0.9 million in 2021. The final net cash outflow regarding the acquisition amounted to EUR 34.4 million.

On 24 February 2022 Russian military forces attacked Ukraine. Following the recent events in Ukraine, the Group closely monitors the business situation. The share of Group's sales is less than 3% combined in Russia and Ukraine driven by two customers, Metro Ukraine and ATB and sources no raw- or pack material directly from Russia or Ukraine. Fortunately, year to date sales is only slightly below the budgeted target which serves as a proof of resilience. To date the Group didn't have to stop production or selling to Ukraine due to any direct or indirect impact of the war but only had to implement stronger monitoring processes on debt collection with extra focus on any potential overdue and settlement from the aforementioned two Ukrainian customers. Recent shipments have been successfully delivered and they were settled with bank transfers. Currently the Group does not see that the war would result in significant negative impact. However, due to one of the indirect impacts of the war, which is unprecedented level of price increases of raw- and pack materials and energy prices, the Group has to put continued strong focus on such impacts and follow with price and proactive portfolio management actions to protect its profitability.

There were no other major events that occurred after the reporting period which require disclosure or would affect the amounts contained in the financial statements contained herein.

Company statement of comprehensive income for the years ended on 31 December 2021 and 31 December 2020, amounts are in thousand EUR unless otherwise stated

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	Notes	2021	2020
Administrative expenses		(52)	(53)
Operating loss		**(52)**	**(53)**
Interest income from related party		36 725	29 525
Total financial income		**36 725**	**29 525**
Interest expense to related party		(36 725)	(29 525)
Total financial expense		**(36 725)**	**(29 525)**
Net finance costs		-	-
Loss before tax		**(52)**	**(53)**
Income tax expense	5	-	-
LOSS FOR THE YEAR		**(52)**	**(53)**

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Company statement of financial position on 31 December 2021 and 31 December 2020
amounts are in thousand EUR unless otherwise stated

	Notes	31 December 2021	31 December 2020
Assets			
Non-current assets:			
Investments	2	25 580	25 431
Long-term subordinated loan receivable to related party	3	400 227	334 530
Total non-current assets		**425 807**	**359 961**
Total assets		**425 807**	**359 961**
Equity and liabilities			
Capital and reserves			
Share capital	4	14	13
Share premium	4	25 566	25 418
Retained earnings		(130)	(78)
Total equity		**25 450**	**25 353**
Non-current liabilities			
Long-term subordinated loan from related party	3	400 227	334 530
Total non-current liabilities		**400 227**	**334 530**
Current liabilities			
Other liabilities		130	78
Total current liabilities		**130**	**78**
Total equity and liabilities		**425 807**	**359 961**

On 29 April 2022 the Board of Directors approved the financial statements and authorized their disclosures.

London, 29 April 2022

Maxim Devin Crewe
Director
21 St James's Square, London, United Kingdom, SW1Y 4JZ

Company statement of changes in equity for the years ended on 31 December 2021 and 31 December 2020, amounts are in thousand EUR unless otherwise stated

	Share capital	Share premium	Retained earnings	Total
	Note 4	Note 4		
Balance at 1 January 2020	**13**	**25 382**	**(25)**	**25 370**
Share Issue	-	36	-	36
Loss for the year	-	-	(53)	(53)
Balance at 31 December 2020	**13**	**25 418**	**(78)**	**25 353**
Share Issue	1	148	-	149
Loss for the year	-	-	(52)	(52)
Balance at 31 December 2021	**14**	**25 566**	**(130)**	**25 450**

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Notes to the company annual accounts for the years ended on 31 December 2021 and 31 December 2020, amounts are in thousand EUR unless otherwise stated

1. Additional disclosures to the company only annual accounts

General

Artemis Midco (UK) Limited is a limited liability company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 on 20 April 2018, with its statutory seat in London ("Company"), registered in England and Wales. Its ultimate owners are various investment funds managed by the private equity firm Cinven Capital Management (VI) General Partner Limited. The Company is a holding company and it is the sole shareholder of Artemis Acquisitions (UK) Limited. The Company's registered address is 21 St James's Square, London, SW1Y 4JZ, United Kingdom (formerly: Warwick Court, Paternoster Square, London, EC4M 7AG, United Kingdom). For more information please see Note 1 of the consolidated financial statements.

For the general principles for the presentation of the Company financial statements, the principles for the valuation of assets and liabilities and determination of the results, as well as the notes to specific items of the Company financial statements, reference is made to the notes to the consolidated financial statements on pages 16 to 67 of this report, unless presented otherwise below.

Basis of preparation

The Company financial statements have been prepared on a historical cost basis at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies are set out below.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to financial instruments, capital management, presentation of a cash flow statement, impairment of assets and certain related party transactions. Where relevant, equivalent disclosures have been given in the consolidated group accounts of Artemis Midco (UK) Limited.

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Going concern: The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. Further detail is contained in the going concern statement included in the Strategic Report.

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Significant accounting policies

Revenue recognition

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Foreign currencies

In preparing the Company financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortized cost and effective interest method

Please see note 3.20.1 of the consolidated financial statements.

Impairment of financial assets

Please see note 3.20.4 of the consolidated financial statements.

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described above, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

There are no critical accounting judgements or key sources of estimation uncertainty.

2. Investments

The Company was the sole shareholder of Artemis Acquisitions (UK) Limited at the end of 2021 and 2020. The registered address of Artemis Acquisitions (UK) Limited is 21 St James's Square, London, SW1Y 4JZ, United Kingdom (formerly: Warwick Court, Paternoster Square, London, EC4M 7AG, United Kingdom).

Participations in Group companies are valued at cost, if applicable, less impairments in value. With the valuation of participations any impairment in value is taken into account.

	31 December 2021	31 December 2020
Artemis Acquisitions (UK) Limited	25 580	25 431
Total	**25 580**	**25 431**

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3. Long-term subordinated loan receivable to related party

The Company granted a subordinated loan to its subsidiary in July 2018. The initial principal amount was EUR 247 900 thousand with a fixed interest rate of 10%. Since July 2018 the Company has granted additional subordinated loan to its subsidiary several times, specifically EUR 28 972 thousand during the year (2020: EUR 18 593 thousand). The fixed interest rate of 10% applies to each increase.

The loans are subordinated to the Senior Facilities.

Maturity is 40 years, neither principal nor interest can be paid unless the agreement of the syndicate permits it.

	31 December 2021	31 December 2020
Principal	267 394	248 801
Capitalised interest	67 136	37 611
Additional principal	28 972	18 593
Accrued interest	36 725	29 525
Total	**400 227**	**334 530**

Long-term subordinated loan from related party

Please see note 26 of the consolidated financial statements.

	31 December 2021	31 December 2020
Principal	267 394	248 801
Capitalised interest	67 136	37 611
Additional principal	28 972	18 593
Accrued interest	36 725	29 525
Total	**400 227**	**334 530**

4. Share capital and Share premium

Please see note 24 of the consolidated financial statements.

	31 December 2021	31 December 2020
Share capital	14	13
Share premium	25 566	25 418
Total	**25 580**	**25 431**

Share capital is EUR 13 637.940 at the end of 2021 (at the end of 2020: EUR 13 489.361), based on the law in the United Kingdom.

Share capital and share premium increased due to capital increases made with issuance of ordinary shares in the year on 11 January 2021, 26 February 2021, 16 April 2021, 11 May 2021 and 14 December 2021.

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5. Taxation

Total tax on profit is as follows:

	Year ending 31 December 2021	Year ending 31 December 2020
Current Tax:		
UK Corporation tax	-	-
Deferred Tax:		
Origination and reversal of timing differences	-	-
	-	-

Reconciliation of tax charge is as follows:

	Year ending 31 December 2021	Year ending 31 December 2020
Loss on ordinary activities before tax	(52)	(53)
Tax at 19.00% (2020: 19%) thereon:	(10)	(10)
Effects of:		
Expenses not deductible	-	-
Group relief/other reliefs	10	10
Roundings	-	-
Current tax charge for the period	-	-

The standard rate of corporation tax in the UK remained at 19% throughout the period and accordingly the company's profits for this period are taxed at an effective rate of 19%.

Finance Bill 2016 included provisions to reduce the main rate of corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the cut in the rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. This was substantively enacted on 17 March 2020. Moreover, the March 2021 Budget announced an increase to the main rate of corporation tax to 25% in the UK from April 2023. This was substantively enacted on 24 May 2021, as result deferred tax balances as at 31 December 2021 are measured at 25%. 2021 announcements were confirmed in March 2022.

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6. Information on fees paid to the company's statutory auditor and their network firms

Fees paid to the company's statutory auditor Deloitte LLP and their network firms, related to financial year 2021 were as follows:

	Deloitte LLP	Other Deloitte network firms	Total
Statutory audit	227	72	298
Consultancy	85	35	121
Total	**312**	**107**	**419**

Fees paid to the company's statutory auditor Deloitte LLP and their network firms, related to financial year 2020 were as follows:

	Deloitte LLP	Other Deloitte network firms	Total
Statutory audit	115	77	192
Consultancy	422	153	575
Total	**537**	**230**	**767**

7. Remuneration of directors

There is no remuneration for the directors paid or payable by the company or its subsidiaries.

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Independent auditor's report to the members of Artemis Midco (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Artemis Midco (UK) Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- the group's financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement;
- the statement of accounting policies; and
- the related group notes 1 to 37 and parent company notes 1 to 7.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

Basis for opinion

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

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- financing facilities including nature of facilities, repayment terms and covenants
- assumptions used in the forecasts
- amount of headroom in the forecasts (cash and covenants)
- sensitivity analysis
- external market factors review

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- retrospective review of historical forecasting

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are 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 unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about 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 (UK) 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 financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Group's industry and its control environment, and reviewed the Group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the Group operates in. and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act. pensions legislation, tax legislation, financial conduct authority regulation and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team including significant component audit teams and relevant internal specialists such as valuations, financial instruments and IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- We presume a risk of material misstatement due to fraud in relation to revenue recognition where we evaluate which types of revenue, revenue transactions or assertions give rise to increased risk. We believe there is a risk related to overstatement of revenues around yearend given a focus on growth. Due to this, there is a risk that revenue could be recognised improperly or in the wrong accounting period, hence we have identified cut-off as a significant risk for all trading entities. As part of our audit procedures, we selected a sample of invoices from the period immediately preceding and succeeding the year end date, and agreed to the relevant supporting documentation to verify that revenue had been recognised in the correct accounting period. We also tested the design and implementation of the controls relevant to the above risks.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments: assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

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- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and both in-house and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and of the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us: or
- the parent company financial statements are not in agreement with the accounting records and returns: or
- certain disclosures of directors' remuneration specified by law are not made: or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Mitchell CA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow, United Kingdom
29 April 2022