
Werner Larsson Fiskeeksport A/S

Galeasevej 3, DK-9990 Skagen

Annual Report for
1 October 2022 - 30 September 2023

CVR No. 12 80 31 92

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 22/3 2024

Mads Larsson
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	4
Financial Highlights	5
Management's Review	6
Financial Statements	
Income Statement 1 October - 30 September	8
Balance sheet 30 September	9
Statement of changes in equity	11
Notes to the Financial Statements	12

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Werner Larsson Fiskeeksport A/S for the financial year 1 October 2022 - 30 September 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2023 of the Company and of the results of the Company operations for 2022/23.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Skagen, 22 March 2024

Executive Board

Mads Larsson
CEO

Board of Directors

Jeroen Lucas Kiers

Jacobus Johan Coljee

Mads Larsson

Independent Auditor's report

To the shareholder of Werner Larsson Fiskeeksport A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2023 and of the results of the Company's operations for the financial year 1 October 2022 - 30 September 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Werner Larsson Fiskeeksport A/S for the financial year 1 October 2022 - 30 September 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Aalborg, 22 March 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Rasmus Møllergaard Stenskrog

State Authorised Public Accountant

mne34161

Company information

The Company	Werner Larsson Fiskeeksport A/S Galeasevej 3 DK-9990 Skagen CVR No: 12 80 31 92 Financial period: 1 October 2022 - 30 September 2023 Incorporated: 23 February 1989 Financial year: 35th financial year Municipality of reg. office: Frederikshavn
Board of Directors	Jeroen Lucas Kiers Jacobus Johan Coljee Mads Larsson
Executive Board	Mads Larsson
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A DK-9000 Aalborg

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	16,169	14,083	13,821	10,920	13,376
Profit/loss of ordinary primary operations	4,595	3,430	6,142	4,080	5,878
Profit/loss of financial income and expenses	-337	345	87	323	249
Net profit/loss	3,290	3,064	4,870	3,446	4,816
Balance sheet					
Balance sheet total	86,046	64,992	41,795	47,272	42,447
Investment in property, plant and equipment	10,399	4,357	1,801	1,250	1,429
Equity	34,357	31,067	28,002	38,013	34,567
Number of employees	12	12	10	11	11
Ratios					
Return on assets	5.3%	5.3%	14.7%	8.6%	13.8%
Solvency ratio	39.9%	47.8%	67.0%	80.4%	81.4%
Return on equity	10.1%	10.4%	14.8%	9.5%	12.1%

Management's review

Key activities

The Company's principal activities are in line with previous year and comprised of production and marketing of edible fish.

Development in the year

The income statement of the Company for 2022/23 shows a profit of DKK 3,289,776, and at 30 September 2023 the balance sheet of the Company shows positive equity of DKK 34,356,520.

The past year and follow-up on development expectations from last year

2022/23 was a year with challenges on the supply of North Sea herring for our maatjes season. It required more flexibility in our production, which led to higher production costs. Furthermore, the closing of Skagerrak/Kattegat for herring fishery had a negative impact on the volumes produced.

Capital resources

The Company has sufficient capital resources to fulfill the ambitions for the coming financial year.

Operating risks

We don't see any operating risk for the coming financial year.

Foreign exchange risks

Most of our purchases and sales are in DKK and EUR, so the risks are within the limits of the fixed rate policy between DKK/EUR. Some trades are made in SEK, but these are all subject to futures, we thereby secure a fixed rate. Generally, we work with an active exchange policy in cooperation with our bank.

Targets and expectations for the year ahead

Profit after tax is expected to be in the range of 4-8 mio DKK. The performance of the Company is very close related to the fishing opportunities and what the nature gives us. We see quotas on North Sea herring and sprats are at good levels, this would argue that the profit should be in the upper level of the range. On the other hand, we see demand for specially maatjes herring stagnate, this could argue that profit will be in the lower level of the range.

External environment

Through actively engaging in political discussions and advisory councils the Company tries to impact the external political environment. These activities are done mainly because we see a rising trend among coastal states to be more protective towards domestic interests, especially on landing obligations. A trend on which the EU must be alert. The pelagic industry is depending free flow on raw material.

Looking at the raw material (fish) the company produces solely for direct human consumption, all by-products (side-streams) are sold to fishmeal-/oil and thereby used as ingredients for feed to amongst others salmon, pigs and pet food.

All landings of fish are inspected by a third party inspection, this is done in order to apply with landing regulations and to make sure there are full transparency on landed volumes and bycatch.

The company has invested in water recycling, meaning that the overall water consumption has decreased.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Management's review

Unusual events

The financial position at 30 September 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2022/23 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 October 2022 - 30 September 2023

	Note	2022/23 DKK	2021/22 DKK
Gross profit		16,168,938	14,083,376
Staff expenses	1	-7,171,009	-7,269,430
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-4,403,111	-3,383,539
Profit/loss before financial income and expenses		4,594,818	3,430,407
Income from investments in subsidiaries	2	83,685	557,276
Financial income	3	47,247	17,287
Financial expenses	4	-468,238	-229,799
Profit/loss before tax		4,257,512	3,775,171
Tax on profit/loss for the year	5	-967,736	-710,695
Net profit/loss for the year	6	3,289,776	3,064,476

Balance sheet 30 September 2023

Assets

	Note	2022/23 DKK	2021/22 DKK
Acquired trademarks		1,875,000	2,232,143
Acquired other similar rights		5,437,500	6,473,214
Goodwill		5,577,485	6,639,863
Intangible assets	7	12,889,985	15,345,220
Land and buildings		10,477,602	1,785,920
Plant and machinery		4,738,712	4,707,930
Other fixtures and fittings, tools and equipment		778,728	1,050,250
Property, plant and equipment	8	15,995,042	7,544,100
Investments in subsidiaries	9	6,782,162	6,698,477
Other investments	10	238,624	238,624
Fixed asset investments		7,020,786	6,937,101
Fixed assets		35,905,813	29,826,421
Raw materials and consumables		4,964,301	4,130,694
Finished goods and goods for resale		22,032,118	18,261,606
Inventories		26,996,419	22,392,300
Trade receivables		11,267,278	6,137,010
Receivables from group enterprises		5,843,240	3,287,949
Other receivables		3,465,402	671,482
Corporation tax receivable from group enterprises		162,259	315,984
Prepayments	11	15,317	107,555
Receivables		20,753,496	10,519,980
Current asset investment	12	72,408	55,664
Cash at bank and in hand		2,318,161	2,198,004
Current assets		50,140,484	35,165,948
Assets		86,046,297	64,992,369

Balance sheet 30 September 2023

Liabilities and equity

	Note	2022/23 DKK	2021/22 DKK
Share capital		1,860,000	1,860,000
Reserve for net revaluation under the equity method		4,374,093	4,290,408
Retained earnings		28,122,427	24,916,336
Equity		34,356,520	31,066,744
Provision for deferred tax	13	273,820	247,848
Provisions		273,820	247,848
Payables to group enterprises		13,941,000	4,542,000
Other payables		0	4,500,000
Long-term debt	14	13,941,000	9,042,000
Credit institutions		10,416,229	9,020,692
Trade payables		10,745,030	3,031,307
Payables to group enterprises	14	10,820,786	7,084,104
Corporation tax		527,173	301,288
Other payables	14	4,965,739	5,198,386
Short-term debt		37,474,957	24,635,777
Debt		51,415,957	33,677,777
Liabilities and equity		86,046,297	64,992,369
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Accounting Policies	17		

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 October	1,860,000	4,290,408	24,916,336	31,066,744
Net profit/loss for the year	0	83,685	3,206,091	3,289,776
Equity at 30 September	1,860,000	4,374,093	28,122,427	34,356,520

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
1. Staff Expenses		
Wages and salaries	6,296,361	6,543,730
Pensions	688,793	553,153
Other social security expenses	185,855	172,547
	<u>7,171,009</u>	<u>7,269,430</u>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	<u>12</u>	<u>12</u>
-----------------------------	-----------	-----------

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
2. Income from investments in subsidiaries		
Share of profits of subsidiaries	83,685	557,276
	<u>83,685</u>	<u>557,276</u>

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
3. Financial income		
Other financial income	30,503	49
Exchange adjustments	16,744	17,238
	<u>47,247</u>	<u>17,287</u>

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
4. Financial expenses		
Interest paid to group enterprises	467,762	169,610
Other financial expenses	476	59,821
Exchange adjustments, expenses	0	368
	<u>468,238</u>	<u>229,799</u>

Notes to the Financial Statements

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
5. Income tax expense		
Current tax for the year	941,764	403,172
Deferred tax for the year	25,972	307,523
	<u>967,736</u>	<u>710,695</u>

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
6. Profit allocation		
Reserve for net revaluation under the equity method	83,685	557,276
Retained earnings	3,206,091	2,507,200
	<u>3,289,776</u>	<u>3,064,476</u>

7. Intangible fixed assets

	<u>Acquired trademarks</u>	<u>Acquired other similar rights</u>	<u>Goodwill</u>
	DKK	DKK	DKK
Cost at 1 October	2,500,000	7,250,000	7,436,646
Cost at 30 September	<u>2,500,000</u>	<u>7,250,000</u>	<u>7,436,646</u>
Impairment losses and amortisation at 1 October	267,857	776,786	796,783
Amortisation for the year	357,143	1,035,714	1,062,378
Impairment losses and amortisation at 30 September	<u>625,000</u>	<u>1,812,500</u>	<u>1,859,161</u>
Carrying amount at 30 September	<u>1,875,000</u>	<u>5,437,500</u>	<u>5,577,485</u>

Notes to the Financial Statements

8. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK	DKK
Cost at 1 October	14,470,261	33,595,578	1,818,137
Additions for the year	8,938,678	1,460,149	0
Cost at 30 September	<u>23,408,939</u>	<u>35,055,727</u>	<u>1,818,137</u>
Impairment losses and depreciation at 1 October	12,684,341	28,887,648	767,887
Depreciation for the year	246,996	1,429,367	271,522
Impairment losses and depreciation at 30 September	<u>12,931,337</u>	<u>30,317,015</u>	<u>1,039,409</u>
Carrying amount at 30 September	<u>10,477,602</u>	<u>4,738,712</u>	<u>778,728</u>
		<u>2022/23</u>	<u>2021/22</u>
		DKK	DKK

9. Investments in subsidiaries

Cost at 1 October	<u>2,408,070</u>	<u>2,408,070</u>
Cost at 30 September	<u>2,408,070</u>	<u>2,408,070</u>
Value adjustments at 1 October	4,290,407	3,733,131
Net profit/loss for the year	83,685	557,276
Value adjustments at 30 September	<u>4,374,092</u>	<u>4,290,407</u>
Carrying amount at 30 September	<u>6,782,162</u>	<u>6,698,477</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Truck-Kompagniet Skagen ApS	Frederikshavn	350,000	100%

Notes to the Financial Statements

10. Other fixed asset investments

	Other investments
	DKK
Cost at 1 October	238,624
Cost at 30 September	238,624
Carrying amount at 30 September	238,624

11. Prepayments

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

	2022/23	2021/22
	DKK	DKK
Shares	72,408	55,664
	72,408	55,664

In 2022/23, DKK 16,744 has been recognized directly in the income statement in rate adjustments on the above securities, which are recognized at fair value per 30 September 2023.

	2022/23	2021/22
	DKK	DKK
13. Provision for deferred tax		
Deferred tax liabilities at 1 October	247,848	-59,675
Amounts recognised in the income statement for the year	25,972	307,523
Deferred tax liabilities at 30 September	273,820	247,848
Intangible assets	164,368	170,234
Property, plant and equipment	109,452	112,810
Other	0	-35,196
	273,820	247,848

Notes to the Financial Statements

14. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
Payables to group enterprises		
After 5 years	10,402,000	0
Between 1 and 5 years	<u>3,539,000</u>	<u>4,542,000</u>
Long-term part	<u>13,941,000</u>	<u>4,542,000</u>
Within 1 year	0	0
Other short-term debt to group enterprises	<u>10,820,786</u>	<u>7,084,104</u>
Short-term part	<u>10,820,786</u>	<u>7,084,104</u>
	<u>24,761,786</u>	<u>11,626,104</u>
Other payables		
After 5 years	0	0
Between 1 and 5 years	<u>0</u>	<u>4,500,000</u>
Long-term part	<u>0</u>	<u>4,500,000</u>
Within 1 year	0	0
Other short-term payables	<u>4,965,739</u>	<u>5,198,386</u>
	<u>4,965,739</u>	<u>9,698,386</u>

<u>2022/23</u>	<u>2021/22</u>
DKK	DKK

15. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	676,054	837,165
Between 1 and 5 years	1,365,280	1,612,351
After 5 years	<u>3,044,970</u>	<u>3,634,777</u>
	<u>5,086,304</u>	<u>6,084,293</u>

Notes to the Financial Statements

Other contingent liabilities

The company has issued mortgage deeds of nominal 7,500,000 DKK. The mortgage deeds serve as security for bank commitments.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The company's buildings are built on leased land. The company has an obligation to clear the site at the end of the lease, if the buildings have not previously been resold to a new tenant of the area.

16. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
B.V. Kennemervis Groep	Ultimate Parent

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the ultimate Parent Company:

Name	Place of registered office
B.V. Kennemervis Groep	Palingweg 18 3750 GD Spakenburg The Netherlands

The Group Annual Report of B.V. Kennemervis Groep may be obtained at the following address:
Palingweg 18, 3750 GD Spakenburg, The Netherlands

Notes to the Financial Statements

17. Accounting policies

The Annual Report of Werner Larsson Fiskeeksport A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022/23 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022/23 of B.V Kennemervis Groep, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of B.V Kennemervis Groep, the Company has not prepared a cash flow statement.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

Notes to the Financial Statements

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Notes to the Financial Statements

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 7 years, determined on the basis of Management’s experience with the individual business areas.

Other intangible fixed assets

Acquired trademarks are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Acquired other similar rights are amortised over the estimated useful life, which is 7 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	20 years
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	5 years

The fixed assets’ residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Other fixed asset investments recognized under fixed assets include shares which are not traded in an active market.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

Notes to the Financial Statements

Current Asset Investments

Current asset investments recognized under current assets include shares which are traded in an active market.

Current asset investments which are traded in an active market are measured at fair value at the balance sheet date based on the most recently quoted sale price.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$