

SCHOU-FONDET

Annual Report 2022

1 January 2022 – 31 December 2022

The Annual Report has been presented and adopted
at the company's Annual General Meeting on
24 May 2023.

Maiken Lorensen

Schou-Fondet

Palsgaardvej 10
7130 Juelsminde
CVR-NO: 17582011



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COMPANY DETAILS

Foundation	Schou-Fondet Palsgaardvej 10 7130 Juelsminde
	CVR No.: 17 58 20 11 Established: 31 December 1957 Municipality: Hedensted Financial Year: 1 January - 31 December
Presidium	Birger Brix Anders Brix Jakob Thøisen Jane Hvolbæk Nielsen Mette Marciniak Mikkelsen
Executive Board	Anders Brix
Auditor	BDO Statsautoriseret revisionsaktieselskab Roms Hule 4, 1. sal 7100 Vejle

MANAGEMENT'S STATEMENT

Today the Board of Directors and Management have discussed and approved the Annual Report of Schou-Fondet for the financial year 1 January - 31 December 2022.

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

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the Foundation's assets, liabilities and financial position at 31 December 2022 and of the results of the Foundation's operations and cash flows for the financial year 1 January - 31 December 2022.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Juelsminde, 24 May 2023

Executive Board

Anders Brix

Board of Directors

Birger Brix

Anders Brix

Jakob Thøisen

Jane Hvolbæk Nielsen

Mette Marciniak Mikkelsen

INDEPENDENT AUDITOR'S REPORT

To the Board of directors of Schou-Fondet

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Schou-Fondet for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2022 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and the Annual Financial Statements of the Company.

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

INDEPENDENT AUDITOR'S REPORT

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

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

INDEPENDENT AUDITOR'S REPORT

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

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

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

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

Vejle, 24 May 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Frank Lau
State Authorised Public Accountant
MNE no. mne32054

FINANCIAL HIGHLIGHTS OF THE GROUP

	2022	2021	2020	2019	2018
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Income statement					
Net revenue.....	2.513.460	1.802.080	1.510.568	1.455.747	1.427.583
Gross profit.....	825.400	561.673	489.932	438.503	452.629
Operating profit/loss of main activities..	358.755	154.891	137.075	109.537	143.017
Financial income and expenses, net.....	193	26.256	-2.537	13.490	-147
Profit for the year before tax.....	361.867	196.606	131.865	119.070	120.302
Profit for the year.....	292.140	162.119	102.661	87.318	85.114
Profit for the year excl. minority interests.....	286.202	157.669	96.284	83.143	82.125
Balance sheet					
Total assets.....	2.814.604	2.227.190	1.884.619	1.819.569	1.719.824
Equity.....	2.116.761	1.841.183	1.655.672	1.612.144	1.504.525
Equity excl. minority interests.....	2.093.565	1.803.759	1.624.506	1.581.984	1.481.224
Cash flows					
Investment in property, plant and equipment.....	-289.406	-182.505	-193.990	-174.736	-52.478
Average number of full-time employees.....					
	655	632	559	527	513
Key ratios					
Gross margin.....	32.8	31.2	32.4	30.1	31.7
Operating margin.....	14.3	8.6	9.1	7.5	10.0
Return on invested capital.....	21.2	11.6	12.2	11.0	16.2
Equity ratio.....	74.4	81.0	86.2	86.9	86.1
Return on equity (ex minority interests)..	14.7	9.2	6.0	5.4	5.7
Index for net revenue.....	176	126	106	102	100

FINANCIAL HIGHLIGHTS OF THE GROUP

The ratios stated in the list of key figures and ratios have been calculated as follows:

Invested capital:	Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets - trade payables - other provisions - other long and short term working liabilities
Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
Operating margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Net revenue}}$
Return on invested capital:	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
Equity ratio:	$\frac{\text{Equity ex minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity (ex minorities):	$\frac{\text{Profit/loss after tax ex minorities} \times 100}{\text{Average equity ex minorities}}$

MANAGEMENT COMMENTARY

Main activities

The main activity of the foundation is property leasing. Most of the properties are leased to group companies.

The main activities of the group are production and sale of ingredients for the food sector and for technical applications, furthermore the group have activities within farming, forestry and investment.

Results and financial development

The foundation's profit before tax has increased by 128 million DKK compared with 2021 and the group's profit before tax has increased by 165 million DKK compared with 2021.

Compared with 2021 the profit for the foundation as well as the group has improved significantly. The profit in the ingredients division increased by DKK 182 million, this due to a huge effort from our employees to make the production efficient and to improve on market, product and customer mix. Increasing prices for raw materials, energy, and freight led to a significant increase in revenue and cost of sales. The profit on investments in securities and associated companies etc. decreased with 17 million compared with 2021.

In 2022 the ingredient division stopped the activities in its subsidiary in Russia. Stopping the activities in Russia has not had a material effect on the profit.

The foundation is very pleased with the financial performance in a very challenging and unpredictable year.

The groups investment program in expansion of the production capacity has continued in 2022 where we have invested approx. DKK 200 million in our production facilities. The largest part of our capex program relates to our production facilities in Denmark but also our factory in The Netherlands will get a significant increase in their production capacity. The investment activities will continue in 2023 and 2024 and when the planned expansions are completed the production capacity will almost be doubled in the Group.

The result for the year compared with the expected development

The company's and the Group's profit for 2022 are significantly better than the expectations presented in the annual report for 2021. This is mainly due to the circumstances described above.

Significant events after the end of the financial year

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

Special risks

Operating risks

The group's primary business risk is the dependence of the economic development in the markets where the products are sold and the ability to constantly be able to have a competitive cost price.

Price risks

A substantial part of the raw materials follows the price development on the international commodity market, this is a general risk for the industry.

Currency risks

Trading in foreign currencies entails that result, cash flow and equity is affected by the development of exchange rates and interests for a range of currencies. The company's policy is that sales in other currencies than EUR and DKK are hedged.

Currency risks related to investments in subsidiaries are not hedged.

Interest risk

Due to strong operational cash flow, a very low financial gearing and financial debt, the interest risk is limited for the group.

MANAGEMENT COMMENTARY

Environment

The daily operations are carried out with respect for the environment, we refer to the CSR report mentioned in the following.

Know-how capacity

The most important resource is the employees. The development of the business is dependent on an ongoing education of the employees and that the employees show dedication, flexibility and adaptability. The ambition is, to have an ongoing development of employees through education, to support their dedication via information from the management, and to support the employees where adaptability is needed.

Research and development activities

To maintain and improve the market position large resources are continuously invested in research and development. IP-rights related to product innovations are secured via patents at the earliest possible stage.

Future expectations

For 2023 the foundation expects a profit before tax at a level of DKK 280 - 320 million and for the group a profit before tax at a level of DKK 330 - 380 million.

Corporate social responsibility (CSR) report

As far back as 1908, and long before "Corporate Social Responsibility" (CSR) was conceptualised, Palsgaard's founder Einar Viggo Schou established a strong tradition in responsibility. For him, this meant looking after employees and their families, the local communities in which Palsgaard operates, and society in general. More than a century on, CSR is still a strategic part of our business.

Palsgaard's activities extend to over 100 countries, but we always bring with us a commitment to sustainability. We conduct ourselves in a financially responsible manner to maintain a profitable business through innovation, process optimisation and risk minimisation. This ensures that we remain a reliable supplier for our customers and an attractive, safe and caring workplace for our employees

CSR is strategic for Palsgaard's activities and is overseen by a dedicated CSR Steering Committee. A CSR Working Committee is chaired by a senior CSR Specialist, with member representation from all departments in the company. Our CSR report details our strategic work within CSR.

The Report on corporate social responsibility for 2022 according to § 99a of the Danish Financial Statements Act is published on the webpage:

<http://novicell.ipapercms.dk/PalsgaardAS/CSR/palsgaard-csr-report-2022/>

For further CSR related information, we refer to our webpage:

<https://www.palsgaard.com/en/responsibility/palsgaard-and-corporate-social-responsibility/100-years-of-responsible-behaviour//>

MANAGEMENT COMMENTARY

Data ethics

The foundation and the group have until now had focus on, at all times, being compliant with the GDPR legislation and has decided to have minor focus on data ethics policy (The Danish Financial Statements act § 99a). In the coming year focus will still be on being compliant with the GDPR legislation, but the management expects to appoint a task force that can begin to define the future data ethics policy.

Report on the Gender Distribution in Management

Target

The gender distribution in the board of directors comply with the intentions of the legislation.

Policies

The foundation and the group have a policy regarding the proportion of gender in the management levels of the entities in the group. When choosing between equally qualified candidates, the general diversity among the employees shall be taken into consideration. The board of directors will once a year review the gender proportion to assess if the proportion is in line with the policy.

Report on distribution policy

Statutory report on distribution policy cf. section § 77b of the Danish Financial Statements Act.

According to the Statues, the objectives of Schou-Fondet are:

- A. to own companies that the Board of Directors of the Foundation may find appropriate for the fulfilment of the other objects of the Foundation,
- B. to preserve and further develop the Palsgaard Estate with all its splendours, as a beautiful and pleasant workplace for all employees,
 - to preserve the main building through maintenance and renewal in a manner consistent with the architecture and history of the building, not as a lifeless monument but in accordance with its purpose and structure as a vibrant family home for either the Director of the Foundation's activities or for another person linked to the Foundation, who is considered to be a suitable candidate by the Board of Directors of the Foundation in terms of publicly representing the Foundation,
- C. to establish, own and support independent companies within research and development in connection with the areas that the Foundation's Board of Directors may find appropriate to promote the activities of the Foundation,
- D. to support the Palsgaard Foundation to the extent that Schou-Fondet deems to be consistent with the other objects of Schou-Fondet.

MANAGEMENT COMMENTARY

Report on good fund management etc.

Statutory report on foundation governance, cf. section 77a of the Danish Financial Statements Act.

The foundation is covered by the Recommendations on Foundation Governance, which are available on the website of the Committee on Foundation Governance www.godfondsledelse.dk.

“Comply or explain”

Section 77a of the Financial Statements Act, which is covered by the Commercial Foundations Act (Lov om erhvervsdrivende fonde) states that foundations must include a report by the board of directors on foundation governance, cf. section 60 of the Commercial Foundations Act, in the management commentary or in the notes.

According to section 60 of the Commercial Foundations Act the report contains information on how the commercial foundation has addressed the Recommendations. The board of directors can choose to comply with the Recommendations or explain what they have chosen to do instead.

Failure to comply with a Recommendation is not considered as a breach of rules but merely implies that the board of directors has chosen a different approach.

Reporting must reflect the current type of management at the date of the annual report. In the event of significant changes during the year, or after the balance sheet date, this should be described in the report on foundation governance. It is important that board of directors consider the individual Recommendations.

Recommendation	The foundation complies	The foundation does not comply and explains
1. Transparency and communication		
1.1. It is recommended that the board of directors adopt principles for external communication that address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.	Yes	
2. Tasks and responsibilities of the board of directors		
2.1 Overall tasks and responsibilities		
2.1.1 It is recommended that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, the board of directors should, at least once a year, take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.	Yes	
2.1.2 It is recommended that the board of directors regularly address whether the foundation's asset management is in line with the purpose of the foundation and its long- and short-term needs.	Yes	
2.2 Chairman and vice-chairman of the board of directors		
2.2.1 It is recommended that the chairman of the board of directors organize, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members, individually and collectively.		According to the rules of procedure § 1 the board of directors normally meet every third month. For practical purposes the CEO convenes and lead the board meetings.
2.2.2 It is recommended that if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special activities for the commercial foundation which extend beyond the duties of chairman, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, general management and control function. Appropriate allocation of responsibilities should be ensured between the chairman, the vice-chairman, the other members of the board of directors and the executive board, if any.	Yes	
2.3 Composition and organization of the board of directors		
2.3.1 It is recommended that the board of directors regularly, and at least every second year, assess and stipulate the competences that the board of directors needs to possess in order to best perform the tasks incumbent upon the board of directors.	Yes	
2.3.2 It is recommended that the board of directors regularly, and at least every second year, assess and stipulate the competences that the board of directors needs to possess in	Yes	

MANAGEMENT COMMENTARY

Recommendation	The foundation complies	The foundation does not comply and explains
order to best perform the tasks incumbent upon the board of directors.		
2.3.3 It is recommended that members of the board of directors are appointed on the basis of their personal qualities and competences, taking into account the collective competences of the board, and that when composing and nominating new members to the board, the need for introducing new talent is weighed against the need for continuity and the need for diversity in relation to, inter alia, commercial and grants experience, age and gender.	Yes	
2.3.4 It is recommended that in the management commentary in the annual report and on the commercial foundation's website, if any, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member: <ul style="list-style-type: none"> • the name and position of the member, • the age and gender of the member, • date of original appointment to the board, whether the member has been reelected, and expiry of the current election period, • any special competences possessed by the member, • other managerial positions held by the member, including positions on executive board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organization tasks, • whether the member owns shares, options, warrants and similar in the foundation's subsidiaries and/or associated companies, • whether the member has been appointed by authorities/providers of grants etc., and • whether the member is considered independent. 	Yes	
2.3.5 It is recommended that in the management commentary in the annual report and on the commercial foundation's website, if any, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member: <ul style="list-style-type: none"> • the name and position of the member, • the age and gender of the member, • date of original appointment to the board, whether the member has been reelected, and expiry of the current election period, • any special competences possessed by the member, • other managerial positions held by the member, including positions on executive board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organization tasks, • whether the member owns shares, options, warrants and similar in the foundation's subsidiaries and/or associated companies, • whether the member has been appointed by authorities/providers of grants etc., and • whether the member is considered independent. 	Yes	
2.4 Independence		
2.4.1 It is recommended that an appropriate proportion of the board of directors be independent. If the board of directors (excluding employee representatives) is composed of: <ul style="list-style-type: none"> • up to four members, at least one member should be independent, • between five and eight members, at least two members should be independent, or • nine to eleven members, at least three members should be independent, and so on. To be considered independent, this person may not, for example: <ul style="list-style-type: none"> • be or within the past three years have been member of the executive board or a senior employee in the foundation or an essential subsidiary or associated company to the foundation, • within the past five years have received larger emoluments, including distributions or other benefits from the foundation/group or a subsidiary or associated 	Yes	

MANAGEMENT COMMENTARY

Recommendation	The foundation complies	The foundation does not comply and explains
<p>company to the foundation in other capacity than as member of the board of directors or executive board of the foundation,</p> <ul style="list-style-type: none"> • within the past year have had a significant business relationship (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation/group or a subsidiary or associated company of the foundation, • be or within the past three years have been employed or partner at the external auditor, • have been a member of the board of directors or executive board of the foundation for more than 12 years, • be a close relative or in another way be very close to persons who are not considered as independent, • be the founder or a significant donor if the purpose of the foundation is to grant support to this person's family or others who are especially close to this person, or • be a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years have received significant donations from the foundation. 		
2.5 Appointment period		
2.5.1 It is recommended that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.		According to the statutes the members of the board of directors are appointed indefinitely.
2.5.2 It is recommended that an age limit for members of the board of directors be set, which is published in the management commentary or on the foundation's website.	Yes, Age limit 70 years	The Danish Business Authority has in 2022 dispensed with the age limit for the chairman of the board of directors until the end of 2025.
2.6 Evaluation of the performance of the board of directors and the executive board		
2.6.1 It is recommended that the board of directors establish an evaluation procedure in which the board of directors, the chairman and the contributions and performance of individual members are evaluated annually, and the result is discussed by the board of directors.		The foundation has no fixed evaluation procedure for the executive board, but the work and performance of the executive board is evaluated of the board of directors continuously during the year.
2.6.2 It is recommended that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria.		The foundation has no fixed evaluation procedure for the executive board, but the work and performance of the executive board is evaluated of the board of directors continuously during the year.
3. Remuneration of management		
3.1.1 It is recommended that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of a potential executive board be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position.	Yes	
3.1.2 It is recommended that the financial statements provide information about the full remuneration received by each member of the board of directors and any executive board from the commercial foundation and from the foundation's subsidiaries and associated companies. Furthermore there should be information on any other remuneration which members of the board of directors and an executive board, if any, have received for performing other work or tasks for the foundation, the foundation's subsidiaries or associated companies, except for the remuneration of employee representatives as employees.		The annual report has information of the remuneration of the board of executives and the board of directors in total. If the remuneration is specified personal data is considered being disclosed.

MANAGEMENT COMMENTARY

Members of the board of directors:

Member	Accession date	Competences	Management positions	Ownership	Independent
Birger Brix Born 1953	21.09.2016	Management and M&A	Board positions: Palsgaard Gods A/S (Group company) Palsgaard A/S (Group company) Nexus A/S (Group Company) Palsgaard Bio Energy A/S (Group company) Palsgaard Solar A/S (Group company) Anita d'Foged A/S (Group company) Hellebjerg Invest A/S (Group company) Boco Seafood A/S Kangamiut Group A/S Kangamiut Seafood A/S Alimex Seafood A/S Star Invest A/S Industriudvikling Juelsminde Naturlegeparks Venner Erna og Aage Jensens Familiefond Executive positions: BKBRIX Invest ApS Juelsminde Naturlegeparks Aktiviteter ApSx	No	No
Mette Marciniak Mikkelsen Born 1968 Marciniak Restaurering ApS	01.01.2017	Architecture, buildings, parks, sculptures, culture, history	Board positions: Palsgaard Gods A/S (Group company) Palsgaard A/S (Group company) Nexus A/S (Group Company) Palsgaard Bio Energy A/S (Group company) Palsgaard Solar A/S (Group company) Anita d'Foged A/S (Group company) Hellebjerg Invest A/S (Group company) Executive positions: Marciniak Restaurering ApS	No	Yes
Jane Hvolbæk Nielsen Born 1972 Technical University of Denmark	01.01.2021	Physics	Board Positions: Palsgaard Gods A/S (Group company) Palsgaard A/S (Group company) Nexus A/S (Group Company) Palsgaard Bio Energy A/S (Group company) Palsgaard Solar A/S (Group company) Anita d'Foged A/S (Group company) Hellebjerg Invest A/S (Group company) Ordrup Gymnasium European Spallation Source	No	Yes
Jakob Thøisen Born 1964 Management consultant	01.01.2023	Management	Board Positions: Palsgaard Gods A/S (Group company) Palsgaard A/S (Group company) Nexus A/S (Group Company) Palsgaard Bio Energy A/S (Group company) Palsgaard Solar A/S (Group company) Anita d'Foged A/S (Group company) Hellebjerg Invest A/S (Group company) Palsgaard China Ltd. (Group Company) Palsgaard Malaysia Sdn. Bhd. (Group Company)	No	No

MANAGEMENT COMMENTARY

<p>Anders Brix Born 1978 CEO Schou-Fondet</p>	<p>01.06.2018</p>	<p>Management, finance and M&A</p>	<p>Board positions: Palsgaard Gods A/S (Group company) Palsgaard A/S (Group company) Nexus A/S (Group Company) Palsgaard Bio Energy A/S (Group company) Palsgaard Solar A/S (Group company) Anita d'Foged A/S (Group company) Hellebjerg Invest A/S (Group company) Juelsminde Halvøens Solar A/S (Group company) MSP Holding 2013 A/S Unison Energy Partners ApS Parelo A/S Lorepa A/S Palsgaard Industri de Mexico, S. de R.L. de C.V. (Group Company) Palsgaard Candon S/A (Group Company) Naturli' International ApS Grønvang Food ApS Naturli' Foods A/S Dragsbæk A/S Blume Good I/S Star Invest A/S Erna og Aage Jensens Familiefond</p> <p>Executive positions: Schou-Fondet (Group company) Palsgaard Gods A/S (Group company) Anita d'Foged A/S (Group company) Hellebjerg Invest A/S (Group company) Palsgaard Bio Energy A/S (Group company)</p>	<p>No</p>	<p>No</p>
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INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
NET REVENUE	1	2.513.460	1.802.080	11.214	10.906
Cost of sales.....		-1.494.930	-1.096.398	0	0
Other operating income.....		5.493	2.455	0	0
Other external expenses.....	2	-198.623	-146.464	-1.063	-770
GROSS PROFIT/LOSS		825.400	561.673	10.151	10.136
Staff costs.....	3	-379.082	-335.323	-2.397	-1.919
Depreciation and amortisation.....		-84.946	-69.190	-3.381	-3.379
Other operating expenses.....		-2.617	-2.269	0	0
OPERATING PROFIT		358.755	154.891	4.373	4.838
Income from investments in subsidiaries and associates.....	4	2.919	15.459	282.864	153.936
Income from other investments and securities.....		20.568	21.980	0	0
Other financial income.....	5	21.288	17.405	53	0
Other financial expenses.....	6	-41.663	-13.129	-138	-42
PROFIT BEFORE TAX		361.867	196.606	287.152	158.732
Tax on profit/loss for the year.....	7	-69.727	-34.487	-953	-1.063
PROFIT FOR THE YEAR	8	292.140	162.119	286.199	157.669

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Development projects completed.		14.971	9.354	0	0
Intangible fixed assets acquired...		2.630	2.912	0	0
Goodwill.....		79.324	67.009	0	0
Development projects in progress and prepayments.....		16.870	19.074	0	0
Intangible assets.....	9	113.795	98.349	0	0
Land and buildings.....		491.637	472.770	49.934	53.037
Production plant and machinery...		236.145	239.405	0	0
Other plant, machinery, tools and equipment.....		41.050	47.388	335	613
Tangible fixed assets in progress and prepayment.....		307.953	102.203	202	0
Property, plant and equipment..	10	1.076.785	861.766	50.471	53.650
Investments in subsidiaries.....		0	0	2.018.850	1.732.378
Investments in associates.....		30.118	27.615	0	0
Other securities.....		108.041	103.195	0	0
Receivables from associated enterprises.....		15.741	13.324	0	0
Financial non-current assets.....	11	153.900	144.134	2.018.850	1.732.378
NON-CURRENT ASSETS.....		1.344.480	1.104.249	2.069.321	1.786.028
Raw materials and consumables...		222.116	137.137	0	0
Finished goods and goods for resale.....		446.239	295.793	0	0
Inventories.....		668.355	432.930	0	0
Trade receivables.....		460.602	390.424	530	537
Receivables from group enterprises.....		0	0	1.109	13.464
Other receivables.....	12	51.792	50.896	25	0
Corporation tax receivable.....		5.830	0	0	0
Prepayments and accrued income.		9.550	8.420	59	84
Receivables.....		527.774	449.740	1.723	14.085
Other securities and investments..	13	112.692	62.884	9.858	0
Current investments.....		112.692	62.884	9.858	0
Cash and cash equivalents.....		161.303	177.387	20.520	12.831
CURRENT ASSETS.....		1.470.124	1.122.941	32.101	26.916
ASSETS.....		2.814.604	2.227.190	2.101.422	1.812.944

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group		Parent Company	
		2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000
Share capital.....		25.000	25.000	25.000	25.000
Reserve for revaluation.....		3.499	3.504	0	0
Reserve for net revaluation under the equity method.....		0	0	1.967.317	1.680.846
Other reserves.....		1.500	1.500	1.500	1.500
Reserve for development cost.....		24.837	22.174	0	0
Reserve for fair value.....		-28.571	-32.178	0	0
Retained earnings.....		2.067.300	1.783.759	99.748	96.413
Minority shareholders.....		23.196	37.424	0	0
EQUITY.....		2.116.761	1.841.183	2.093.565	1.803.759
Pensions and similar obligations...		279	279	93	93
Provision for deferred tax.....	14	37.586	28.977	5.613	6.128
PROVISIONS.....		37.865	29.256	5.706	6.221
Bank loan.....		200.000	80.000	0	0
Other liabilities.....		0	3.730	0	0
Non-current liabilities.....	15	200.000	83.730	0	0
Bank debt.....		122.298	32.140	0	0
Trade payables.....		224.487	126.853	204	86
Payables to group enterprises.....		0	151	0	948
Payables to associated enterprises.....		4.430	3.573	0	0
Corporation tax.....		16.089	3.594	914	724
Other liabilities.....		92.674	106.710	1.033	1.206
Current liabilities.....		459.978	273.021	2.151	2.964
LIABILITIES.....		659.978	356.751	2.151	2.964
EQUITY AND LIABILITIES.....		2.814.604	2.227.190	2.101.422	1.812.944
Contingencies etc.	16				
Charges and securities	17				
Related parties	18				
Fee to statutory auditor	2				

EQUITY

	Group				Total
	Share capital	Other restricted reserves	Retained earnings	Minority shareholders	
Equity at 1 January 2022.....	25.000	-5.000	1.783.761	37.424	1.841.185
Proposed profit allocation, note 8.....			286.202	5.938	292.140
Transactions with owners					
Dividend paid.....				-2.919	-2.919
Purchase of minority interests.....				-20.930	-20.930
Transferred to reserve for development costs.....		7.290	-7.290		0
Foreign exchange adjustments.....		-5		3.683	3.678
Depreciations.....		-3.876	3.876		0
Other adjustments to equity value.....		3.607			3.607
Tax on changes in equity.....		-751	751		0
Equity at 31 December 2022.....	25.000	1.265	2.067.300	23.196	2.116.761

	Group				Total
	Reserve for revaluation	Other reserves	Reserve for development costs	Reserve for fair value	
Equity at 1 January 2022.....	3.504	1.500	22.174	-32.178	-5.000
Capitalized development costs.....			7.290		7.290
Foreign exchange adjustments.....	-5				-5
Depreciations.....			-3.876		-3.876
Other adjustments to equity value.....				3.607	3.607
Tax on changes in equity.....			-751		-751
Equity at 31 December 2022.....	3.499	1.500	24.837	-28.571	1.265

	Parent Company				Total
	Share capital	Reserve for net revaluation under the equity method	Other reserves	Retained earnings	
Equity at 1 January 2022.....	25.000	1.680.846	1.500	96.413	1.803.759
Proposed profit allocation, note 8.....		282.864		3.335	286.199
Other adjustments to equity value.....		3.607			3.607
Equity at 31 December 2022.....	25.000	1.967.317	1.500	99.748	2.093.565

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	<u>Group</u>	
	2022	2021
	DKK '000	DKK '000
Profit/loss for the year.....	292.140	162.119
Depreciation and amortisation, reversed.....	84.946	69.190
Reversed realization gains/loss.....	0	-185
Profit/loss from associates.....	-2.919	-3.399
Adjustment of other financial income.....	6.225	-21.085
Tax on profit/loss, reversed.....	69.727	34.487
Other adjustments.....	7.290	22.075
Corporation tax paid.....	-54.453	-19.142
Change in inventories.....	-235.425	-94.309
Change in receivables (ex tax).....	-72.204	-26.456
Change in current liabilities (ex bank and tax).....	80.574	40.771
CASH FLOWS FROM OPERATING ACTIVITY.....	175.901	164.066
Purchase of intangible assets.....	-26.005	-15.883
Purchase of tangible fixed assets.....	-289.406	-182.505
Purchase of financial assets.....	-83.813	-25.410
Repayment of long-term lending and current investments.....	0	6.028
CASH FLOWS FROM INVESTING ACTIVITY.....	-399.224	-217.770
Minority interests' share of capital increase.....	0	1.322
Change in operating capital.....	90.158	28.995
Dividends paid in the financial year.....	-2.919	-667
Other cash flows from financing activities.....	120.000	80.000
CASH FLOWS FROM FINANCING ACTIVITY.....	207.239	109.650
CHANGE IN CASH AND CASH EQUIVALENTS.....	-16.084	55.946
Cash and cash equivalents at 1. januar.....	177.387	121.441
CASH AND CASH EQUIVALENTS AT 31. DECEMBER.....	161.303	177.387
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents.....	161.303	177.387
CASH AND CASH EQUIVALENTS.....	161.303	177.387

NOTES

	Group		Parent Company		Note
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	
Net revenue					1
Segment details (geography)					
Domestic.....	84.197	43.798	11.214	10.906	
Foreign.....	2.429.263	1.758.282	0	0	
	2.513.460	1.802.080	11.214	10.906	
Fee to statutory auditor					2
BDO-Network.....	988	1.196			
Others.....	1.466	1.208			
	2.454	2.404			
Specification of fee:					
Statutory audit.....	1.744	1.460			
Other services.....	710	944			
	2.454	2.404			
Staff costs					3
Average number of employees	655	632	1	1	
Wages and salaries.....	323.401	291.223	1.610	1.260	
Pensions.....	40.253	30.548	785	657	
Social security costs.....	7.820	9.621	2	2	
Other staff costs.....	7.608	3.931	0	0	
	379.082	335.323	2.397	1.919	
Remuneration of Executive Board...	8.461	7.773	2.397	1.919	
	8.461	7.773	2.397	1.919	
Income from investments in subsidiaries and associates					4
Income from investments in subsidiaries.....	0	0	282.864	153.936	
Income from investments in associates.....	2.919	15.459	0	0	
	2.919	15.459	282.864	153.936	

NOTES

	Group		Parent Company		Note
	2022 DKK '000	2021 DKK '000	2022 DKK '000	2021 DKK '000	
Other financial income					5
Group enterprises.....	0	0	20	0	
Other interest income.....	21.288	17.405	33	0	
	21.288	17.405	53	0	
Other financial expenses					6
Other interest expenses.....	41.663	13.129	138	42	
	41.663	13.129	138	42	
Tax on profit/loss for the year					7
Calculated tax on taxable income of the year.....	68.524	27.696	1.468	1.276	
Adjustment of tax in previous years.	211	2	0	0	
Adjustment of deferred tax.....	992	6.789	-515	-213	
	69.727	34.487	953	1.063	
Proposed distribution of profit					8
Allocation to reserve for net revaluation under the equity method.....	0	0	282.864	153.936	
Retained earnings.....	286.202	157.669	3.335	3.733	
Minority interests' share of results of subsidiaries.....	5.938	4.450	0	0	
	292.140	162.119	286.199	157.669	
Intangible assets					9
			Group		
			Development projects completed	Intangible fixed assets acquired	
Cost at 1 January 2022.....			15.105	3.641	
Exchange adjustment at closing rate.....			0	59	
Transfer.....			8.520	0	
Disposals.....			-100	-10	
Cost at 31 December 2022.....			23.525	3.690	
Amortisation at 1 January 2022.....			4.677	729	
Exchange adjustment at closing rate.....			0	24	
Reversal of amortisation of assets disposed of.....			0	-2	
Amortisation for the year.....			3.877	309	
Amortisation at 31 December 2022.....			8.554	1.060	
Carrying amount at 31 December 2022.....			14.971	2.630	

NOTES

Note

Intangible fixed assets (continued)

9

	<u>Group</u>	
	Goodwill	Development projects in progress and prepayments
Cost at 1 January 2022.....	122.817	18.000
Transfers to/from other items.....	0	-8.520
Additions.....	18.688	7.390
Cost at 31 December 2022.....	141.505	16.870
Amortisation at 1 January 2022.....	55.808	0
Amortisation for the year.....	6.373	0
Amortisation at 31 December 2022.....	62.181	0
Carrying amount at 31 December 2022.....	79.324	16.870

The Group's development costs relate to the development of new products for technical use and the food industry. The development is proceeding as planned and is expected to be completed within 1-3 years.

Property, plant and equipment

10

	<u>Group</u>	
	Land and buildings	Production plant and machinery
Cost at 1 January 2022.....	645.269	606.746
Exchange adjustment at closing rate.....	5.552	2.161
Additions.....	39.603	41.636
Disposals.....	-7.156	-3.782
Cost at 31 December 2022.....	683.268	646.761
Revaluation at 1 January 2022.....	4.066	0
Exchange adjustment.....	-5	0
Revaluation at 31 December 2022.....	4.061	0
Depreciation and impairment losses at 1 January 2022.....	176.565	367.341
Exchange adjustment.....	519	1.572
Reversal of depreciation of assets disposed of.....	-1.986	-1.541
Depreciation for the year.....	20.594	43.244
Depreciation and impairment losses at 31 December 2022...	195.692	410.616
Carrying amount at 31 December 2022.....	491.637	236.145
Value of recognised assets, excluding revaluation under section 41.....	487.943	

NOTES

Note

Tangible fixed assets (continued)

10

	Group		
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment	
Cost at 1 January 2022.....	117.712	113.004	
Exchange adjustment at closing rate.....	-914	2	
Additions.....	13.592	202.019	
Disposals.....	-11.116	-7.072	
Cost at 31 December 2022.....	119.274	307.953	
Depreciation and impairment losses at 1 January 2022.....	73.240		
Exchange adjustment.....	-83		
Reversal of depreciation of assets disposed of.....	-5.482		
Depreciation for the year.....	10.549		
Depreciation and impairment losses at 31 December 2022...	78.224		
Carrying amount at 31 December 2022.....	41.050	307.953	
	Parent Company		
	Land and buildings	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2022.....	127.962	1.905	0
Additions.....	0	0	202
Cost at 31 December 2022.....	127.962	1.905	202
Depreciation and impairment losses at 1 January 2022.....	74.925	1.292	
Depreciation for the year.....	3.103	278	
Depreciation and impairment losses at 31 December 2022.....	78.028	1.570	
Carrying amount at 31 December 2022.....	49.934	335	202

NOTES

Financial non-current assets	Group			Note 11
	Investments in associates	Other securities	Receivables from associated enterprises	
Cost at 1 January 2022.....	15.690	130.845	17.500	
Additions.....	2.000	13.491	0	
Cost at 31 December 2022.....	17.690	144.336	17.500	
Revaluation at 1 January 2022.....	11.925	-27.650	0	
Dividend.....	0	-5.723	0	
Revaluation and impairment losses for the year.....	2.919	-2.922	0	
Other adjustments.....	-2.416	0	0	
Revaluation at 31 December 2022.....	12.428	-36.295	0	
Impairment losses at 1 January 2022.....	0	0	4.176	
Other adjustments.....	0	0	-2.417	
Impairment losses at 31 December 2022.....	0	0	1.759	
Carrying amount at 31 December 2022.....	30.118	108.041	15.741	
			Parent Company	
			Investments in subsidiaries	
Cost at 1 January 2022.....			51.532	
Cost at 31 December 2022.....			51.532	
Revaluation at 1 January 2022.....			1.680.846	
Profit/loss for the year.....			282.864	
Equity movements.....			3.608	
Revaluation at 31 December 2022.....			1.967.318	
Carrying amount at 31 December 2022.....			2.018.850	
Investments in subsidiaries				
Name and domicil			Ownership	
Palsgaard Gods A/S, Juelsminde.....			100 %	
Investments in associates				
Name and domicil			Ownership	
Boco Seafood A/S, Norddjurs.....			41,67 %	
Unison Energy Partners ApS, Aarhus.....			24,68 %	

NOTES

Note

Other receivables

12

The Group uses forward exchange contracts to hedge the Group's recognised and non-recognised transactions.

The Group has entered into forward exchange contracts at 31 December 2022 to hedge future purchases of USD, ZAR and CNY totaling to 2,635 DKK ('000).

CNH	358 DKK('000)
USD	2,432 DKK('000)
ZAR	- 155 DKK('000)

The fair value of forward exchange contracts relating to hedging of future purchases and sales in foreign currencies is included in the item "Other liabilities" 31 December 2022, DKK ('000) 2,635 and "Other receivables" 31 December 2021, DKK ('000) 3,690.

Counterparties to all derivative contracts are banks with high credit rating which means counterparty risk is deemed low.

Other securities and investments

13

	<u>Group</u>
	Listed bonds
Fair value at 31 December 2022.....	9.858
Value adjustment in the year recognised in the Income Statement.....	-54

Provision for deferred tax

14

Provision for deferred tax relate to differences between accounting and tax values of intangible assets and property, plant and equipment as well as inventories.

	<u>Group</u>		<u>Parent Company</u>	
	2022	2021	2022	2021
	DKK '000	DKK '000	DKK '000	DKK '000
Deferred tax, beginning of year.....	28.977	21.868	6.128	6.341
Deferred tax of the year, income statement and equity.....	8.609	7.109	-515	-213
Provision for deferred tax 31 December 2022.....	37.586	28.977	5.613	6.128

NOTES

	Note
Long-term liabilities	15

	Group			
	31/12 2022 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2021 total liabilities
Bank loan.....	200.000	0	0	80.000
Other liabilities.....	3.730	3.730	0	3.730
	203.730	3.730	0	83.730

Contingencies etc.	16
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Contingent liabilities

The Group has committed itself as a limited partnership for further payment of capital contributions of DKK ('000) 48,750.

The Group has entered into operating lease agreements with an average annual lease payment of DKK ('000) 1,588.

The lease agreements have a total residual lease payment of DKK ('000) 4,254. The remaining period of the lease agreements is 0-4 years.

Charges and securities	17
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The Foundation

Owner's mortgages are registered of an amount of DKK ('000) 7,525 and letters of indemnity of DKK ('000) 20,000 on the Group's land and buildings. The owner's mortgage letters and indemnity letters are their own depository.

The Group

As security for engagements with banks, letters of indemnity amounting to DKK ('000) 10,000 have been registered. At 31 December 2022 the bank debt amounts to DKK ('000) 0.

Furthermore owner's mortgages are registered of an amount of DKK ('000) 40,731 and letters of indemnity of DKK ('000) 10,000 on the Group's land and buildings. The owner's mortgage letters and indemnity letters are their own depository.

NOTES

Note

Related parties

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The company's related parties having a significant influence comprise subsidiaries and associates as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

The Company has had the following transactions with related parties:

Related parties			(DKK '000)
Transactions with related parties			
Birger Brix	Member of the board of directors	Rental income on house/land	65
Mette Mikkelsen	Member of the board of directors	Rental income on house/land	5
Birthe Brix	Close family to a member of the board of directors	Rental income on house/land	60
Karen Brix	Close family to a member of the board of directors	Rental income on house/land	5
Boco Seafood A/S	Associated enterprise	Variable interest rate	615
Receivables from related parties			
Boco Seafood A/S	Associated enterprise	Carrying amount at 31 'December 2022	17.500

ACCOUNTING POLICIES

The Annual Report of Schou-Fondet for 2022 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large-size enterprises.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements

The consolidated financial statements include the parent company Schou-Fondet and its subsidiaries in which Schou-Fondet directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the foundation and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

New acquired or established enterprises are recognised in the consolidated financial statements from the time of acquisition. Sold or wound up enterprises are recognised in the consolidated income statement up to the time of disposal. Comparative figures are not adjusted for new acquired, sold or wound up enterprises.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. At calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipment.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

Positive differences between acquisition value and market value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill and amortised systematically in the income statement under an individual assessment of the useful life. Negative differences are recognised in the income statement upon acquisition.

Investments in associates are measured in the balance sheet at the proportional share of the value of the enterprises, calculated under the accounting policies of the foundation and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the income statement after elimination of the proportional share of internal gains and losses.

Minority interests

The accounting items of the subsidiaries are recognised in full in the consolidated financial statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and in individual main items under equity.

ACCOUNTING POLICIES

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Cost of sales

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

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Income from investments in subsidiaries and associates

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

The income statement of the owning company recognises the proportional share of the results of each associate after proportional elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Income from other securities

Income from other securities includes interest income, realized and unrealized capital gains and losses.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 20 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 5-10 years.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

The amortisation period is estimated based on the activities of which the intangible assets are related to and are estimated based on the expected useful life.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Property, plant and equipment

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings.....	25-33 years	0 %
Production plant and machinery.....	5-10 years	0 %
Other plant, fixtures and equipment.....	3-10 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

ACCOUNTING POLICIES

Financial non-current assets

Investments in subsidiaries and associates are measured in the company's balance sheet under the equity method.

Investments in subsidiaries and associates are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill.

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipments.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of non-current assets

The carrying amount of intangible assets and Property, plant and equipment together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, it is written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the average cost method. If the net realisable value is lower than cost, it is written down to the lower value.

The cost of finished goods as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Securities

Securities and investments, recognised as current assets, comprise public quoted bonds, shares and other current investments that are measured at fair market value on the balance sheet date. Public quoted securities are measured at quoted price.

Securities and investments includes investments in subsidiaries which are measured in the group's balance sheet under the equity method.

Subsidiaries are not consolidated in the group financial statements according to section 114(2) of the Danish Financial Statements Act. In accordance with section 127(4) of this Act, no further justification is required.

Cash and cash equivalents

Cash and cash equivalents include cash bank deposits.

Other provisions for liabilities

Provisions include expected costs relating to pension obligations.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet at the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax resulting from changes in tax rates are recognised in the Income Statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

ACCOUNTING POLICIES

Derivative financial instruments

The initial recognition measures derivative financial instruments in the balance sheet at cost price and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in receivables and liabilities, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the Income Statement together with possible changes in the fair value of the hedged asset or the hedged liability.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under initial cost for the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the income statement was affected by the hedged amount.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the income statement.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

The income statements of foreign subsidiaries and associates fulfilling the criteria for being independent entities are translated at an average exchange rate for the month and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in the equity.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

The cash flow statement shows the group's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.