

SCHOU-FONDET

Annual Report 2023

1 January 2023 – 31 December 2023

The Annual Report has been presented and adopted at the
company's Annual General Meeting on
27 May 2024.

Maiken Lorensen

Schou-Fondet
Palsgaardvej 10
7130 Juelsminde
CVR-NO: 17582011



CONTENTS

| | Page |
|---|-------------|
| Company Details | |
| Company Details..... | 3 |
| Statement and Report | |
| Management's Statement..... | 4 |
| Independent Auditor's Report..... | 5-7 |
| Management Commentary | |
| Financial Highlights of the Group..... | 8-9 |
| Management Commentary..... | 10-18 |
| Consolidated and Parent Company Financial Statements 1 January - 31 December | |
| Income Statement..... | 19 |
| Balance Sheet..... | 20-21 |
| Equity..... | 22 |
| Cash Flow Statement..... | 23 |
| Notes..... | 24-32 |
| Accounting Policies..... | 33-39 |

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 2023.

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 2023 and of the results of the Foundation's operations and cash flows for the financial year 1 January - 31 December 2023.

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, 27 May 2024

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 2023, 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 2023 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 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the 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, 27 May 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Frank Lau
State Authorised Public Accountant
MNE no. mne32054

FINANCIAL HIGHLIGHTS OF THE GROUP

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|------------|------------|------------|------------|------------|
| | DKK '000 | DKK '000 | DKK '000 | DKK '000 | DKK '000 |
| Income statement | | | | | |
| Net revenue..... | 2.328.501 | 2.513.460 | 1.802.080 | 1.510.568 | 1.455.747 |
| Gross profit..... | 680.854 | 817.789 | 561.673 | 489.932 | 438.503 |
| Operating profit/loss of main activities.. | 183.046 | 358.752 | 154.891 | 137.075 | 109.537 |
| Financial income and expenses, net..... | -151 | 193 | 26.256 | -2.537 | 13.490 |
| Profit for the year before tax..... | 181.730 | 361.864 | 196.606 | 131.865 | 119.070 |
| Profit for the year..... | 145.430 | 292.137 | 162.119 | 102.661 | 87.318 |
| Profit for the year excl. minority interests..... | 144.802 | 286.199 | 157.669 | 96.284 | 83.143 |
| Balance sheet | | | | | |
| Total assets..... | 2.904.480 | 2.814.604 | 2.227.190 | 1.884.619 | 1.819.569 |
| Equity..... | 2.262.400 | 2.116.758 | 1.841.183 | 1.655.672 | 1.612.144 |
| Equity excl. minority interests..... | 2.237.144 | 2.093.562 | 1.803.759 | 1.624.506 | 1.581.984 |
| Invested capital..... | 2.115.209 | 1.940.351 | 1.498.723 | 1.281.956 | 1.065.194 |
| Cash flows | | | | | |
| Investment in property, plant and equipment..... | 403.653 | 289.406 | 182.505 | 193.990 | 174.736 |
| Average number of full-time employees..... | | | | | |
| | 699 | 655 | 632 | 559 | 527 |
| Key ratios | | | | | |
| Gross margin..... | 29.2 | 32.5 | 31.2 | 32.4 | 30.1 |
| Operating margin..... | 7.9 | 14.3 | 8.6 | 9.1 | 7.5 |
| Return on invested capital..... | 9.4 | 21.2 | 11.6 | 12.2 | 11.0 |
| Equity ratio..... | 77.0 | 74.4 | 81.0 | 86.2 | 86.9 |
| Return on equity (ex minority interests).. | 6.7 | 14.7 | 9.2 | 6.0 | 5.4 |
| Index for net revenue..... | 160 | 173 | 124 | 104 | 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 principal activity of the foundation is property leasing. Most of the properties are leased to group companies.

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

Results and financial development

The Group's activity during 2023 was a rollercoaster. The 1st half of the year we realized all-time high activity and best profit in the Group's history. However, we faced a significant drop in customer demand in 2nd half which led to much lower activity and profits.

Since the Group's Net Working Capital peaked in April 2023, we have managed to free up cash flow amounting 319 DKK million. This is driven by lower raw material prices but also due to 28% less inventory volume.

The investment program in expansion of the production capacity, in the Group, has continued in 2023 where we have invested approx. 340 DKK 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 2024 and 2025 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

As per our expectations in the annual report for 2022 and our Budget 2023, we expected a new all-time best profit before tax for the Group at a level of 280-320 DKK million for the foundation and a profit before tax at a level of 330-380 DKK million.

The foundation realized a profit before tax of 146 DKK million and a Group profit before tax of 182 DKK million.

The profit should be compared with the expectations in the annual report for 2022, where we expected a profit before tax at a level of 280 - 320 DKK million for the foundation and a profit before tax at a level of 330 - 380 DKK million. The main reason for the lower financial performance is a significant drop in the Group's sales during 2nd half of 2023. The lower sales were mainly triggered by customers de-stocking and their working capital optimizing considered the global logistic issues have normalized. The profit on investments in securities and associated companies etc. increased with 4 million compared with 2022.

The foundation acknowledge that it has been a very challenging and unpredictable year with difficult market conditions and therefore find the overall financial performance acceptable.

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

MANAGEMENT COMMENTARY

Special risks (continued)

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.

Environment

The daily operations are carried out with respect for the environment. We refer to our ESG Report and to our policy both available on our website.

Link to ESG Report:

https://backoffice.palsgaard.com/media/ytmfrgpz/palsgaard-esg-report-2023_final.pdf

Link to environment policy on website:

<https://assets.palsgaard.com/api/storage?filename=/media/media/2mgpptrj/the-environmental-policy-of-palsgaard.pdf>

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

The Group deliver food ingredients and special ingredients of food quality to a large number of customers for use in a variety of product categories. We experience a tough competition and our customers expect that we are able to deliver new innovative products and solutions. Therefore, the Group has a significant research and development within food ingredients as well as non-food products such as polymers and personal care ingredients. Our research and development efforts focus on several things:

- 1) To understand the functionality of Palsgaard ingredients in the many applications
- 2) To find better and more sustainable solutions to produce our ingredients
- 3) To develop new and improved ingredients, typically with higher functionality
- 4) Tailoring existing or new ingredients for customers new product launches
- 5) To compare our products with our competitors' products
- 6) To invent completely new ingredients for completely new applications

Research and development are carried out in Palsgaard's application laboratories or by Nexus A/S and the work is either performed by Palsgaard A/S og Nexus A/S or in conjunction with customers or universities.

IP-rights related to product innovations are secured via patents at the earliest possible stage.

Future expectations

For 2024 the foundation expects a profit before tax at a level of DKK 150 - 200 million and for the group a profit before tax at a level of DKK 150 - 200 million.

Corporate social responsibility (CSR) report

As far back as 1908, and long before "corporate social responsibility" was conceptualised, Palsgaard's founder Einar Viggo established a strong tradition for 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, we remain fully committed to responsible business practices.

Starting this year, our sustainability reporting will have ESG on the front cover instead of CSR. ESG

MANAGEMENT COMMENTARY

Corporate social responsibility (CSR) report (continued)

stands for Environmental, Social and Governance, and we have made this change because, beginning in 2025, Palsgaard will start reporting according to the EU's Corporate Sustainability Reporting Directive (CSRD).

The Group's activities extend to more than 100 countries, and we always conduct ourselves in a financially responsible manner to maintain a profitable business through innovation, process optimization, and risk mitigation. In doing so, we remain a reliable supplier for our customers and an attractive, safe, and caring workplace for our employees.

ESG is a strategic priority for The Group. The ownership and accountability for ESG activities reside with the Executive Management who defines strategy and ambitions, monitors sustainability performance and decides on investments. The ESG Working Group, which consists of a group of ESG and QEHS specialists, is responsible for defining and implementing tactical initiatives. Once a year, we publish an ESG report which explains and follow up on ESG initiatives and targets.

Our ESG report is in compliance with the Danish Financial Statements Act, Sections 99a. The report is available on our website:

https://backoffice.palsgaard.com/media/ytmfrgpz/palsgaard-esg-report-2023_final.pdf

For further ESG-related information, please visit our website:

<https://www.palsgaard.com/en/responsibility/>

Link to our policies on our website:

Code of Conduct:

<https://assets.palsgaard.com/api/storage?filename=/media/media/olpgiw24/code-of-conduct-palsgaard.pdf>

Employee Policy:

https://assets.palsgaard.com/api/storage?filename=/media/media/blnn0gll/employee-policy_20230202.pdf

Anti-Corruption Guidelines:

<https://novicell.ipapercms.dk/PalsgaardAS/CSR/anti-corruption-guidelines/?page=1>

MANAGEMENT COMMENTARY

Report on the Gender Distribution in Management

Gender distribution within Management

2023

| | |
|--|-----|
| Number of members of the supreme management body..... | 5 |
| Under-represented gender, share in % of the supreme management body..... | 40% |

The other management levels consist of two or less persons. Thus, the Company is not subject to the obligation of setting a target figure and preparing a policy for the gender distribution at the other management levels.

Target figures for the supreme management body

2023

| | |
|--|-----|
| Target figures in % for the supreme management body..... | 40% |
|--|-----|

Status of meeting the target figures set for the supreme management body

Annually, the Board of Directors conducts a thorough review to assess the gender composition within our leadership ranks, ensuring alignment with our diversity objectives. As of the latest review, the gender diversity within the board of Schou-Fondet stands at 40% female representation. This complies with the target of 40% minority representation.

Data ethics

Technologies such as artificial intelligence (AI), machine learning and algorithms are only used to a very limited extent. Also, our business does not include the sale of data to any third party. Therefore, the management has assessed that there is currently no need for an actual policy for data ethics.

However, we process data in a responsible manner and in accordance with applicable legislation such as the General Data Protection Regulation (GDPR). Going forward, we will continue to assess the need for a formalized data ethics policy and in the coming years, the management expects to appoint a task force to define the data ethics 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 with due respect of any right in the articles of association to make appointments, the board of directors approves a structured, thorough and transparent | Yes | |

MANAGEMENT COMMENTARY

| Recommendation | The foundation complies | The foundation does not comply and explains |
|---|-------------------------|---|
| process for selection and nomination of candidates for 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 the majority of the members of the board of directors of the commercial foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully-owned actual holding company. | 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 company to the foundation in other capacity than as member of the board of directors or executive board of the foundation, • 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 | Yes | |

MANAGEMENT COMMENTARY

| Recommendation | The foundation complies | The foundation does not comply and explains |
|--|-------------------------|---|
| or others who are especially close to this person, or <ul style="list-style-type: none"> • 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, but the board of directors evaluate their individual and the total contribution and performance 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 | Owner | 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 ApS | No | No |
| Mette Marciniak Mikkelsen Born 1968 CEO 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 |

MANAGEMENT COMMENTARY

| | | | | | |
|--|-------------------|--|---|-----------|-----------|
| <p>Jakob Thøisen Born 1964 Management consultant</p> | <p>01.01.2023</p> | <p>Management</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) Palsgaard China Ltd. (Group Company) Palsgaard Malaysia Sdn. Bhd. (Group Company) Palsgaard Asia-Pacific Pte Ltd (Group Company) R2 Group Holding A/S Planet Pride A/S Brdr. Skou Holding ApS</p> | <p>No</p> | <p>No</p> |
| <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 Food 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> |

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

| | Note | Group | | Parent Company | |
|---|------|------------------|------------------|------------------|------------------|
| | | 2023 DKK '000 | 2022 DKK '000 | 2023 DKK '000 | 2022 DKK '000 |
| NET REVENUE | 1 | 2.328.501 | 2.513.460 | 11.664 | 11.214 |
| Changes in inventories of finished goods and goods in process | | -187.116 | 150.446 | 0 | 0 |
| Other operating income..... | | 25.469 | 5.493 | 767 | 0 |
| Costs of raw materials and consumables..... | | -1.250.001 | -1.645.376 | 0 | 0 |
| Other external expenses..... | 2 | -235.999 | -206.234 | -976 | -1.063 |
| GROSS PROFIT/LOSS | | 680.854 | 817.789 | 11.455 | 10.151 |
| Staff costs..... | 3 | -400.287 | -371.474 | -4.414 | -2.397 |
| Depreciation and amortisation..... | | -87.790 | -84.946 | -3.247 | -3.381 |
| Other operating expenses..... | | -9.731 | -2.617 | 0 | 0 |
| OPERATING PROFIT | | 183.046 | 358.752 | 3.794 | 4.373 |
| Income from investments in subsidiaries and associates..... | 4 | -1.165 | 2.919 | 141.149 | 282.864 |
| Income from other investments and securities..... | | 27.632 | 20.568 | 0 | 0 |
| Other financial income..... | 5 | 28.487 | 21.288 | 943 | 53 |
| Other financial expenses..... | 6 | -56.270 | -41.663 | -42 | -138 |
| PROFIT BEFORE TAX | | 181.730 | 361.864 | 145.844 | 287.152 |
| Tax on profit/loss for the year..... | 7 | -36.300 | -69.727 | -1.042 | -953 |
| PROFIT FOR THE YEAR | 8 | 145.430 | 292.137 | 144.802 | 286.199 |

BALANCE SHEET AT 31 DECEMBER

| ASSETS | Note | Group | | Parent Company | |
|--|-----------|------------------|------------------|------------------|------------------|
| | | 2023 DKK '000 | 2022 DKK '000 | 2023 DKK '000 | 2022 DKK '000 |
| Development projects completed . | | 17.879 | 14.971 | 0 | 0 |
| Intangible fixed assets acquired... | | 2.310 | 2.630 | 0 | 0 |
| Goodwill..... | | 72.250 | 79.324 | 0 | 0 |
| Development projects in progress and prepayments..... | | 14.513 | 16.870 | 0 | 0 |
| Intangible assets..... | 9 | 106.952 | 113.795 | 0 | 0 |
| Land and buildings..... | | 553.761 | 491.637 | 46.782 | 49.934 |
| Production plant and machinery... | | 336.622 | 236.145 | 0 | 0 |
| Other plant, machinery, tools and equipment..... | | 52.568 | 41.050 | 190 | 335 |
| Tangible fixed assets in progress and prepayment..... | | 441.804 | 307.953 | 1.210 | 202 |
| Property, plant and equipment.. | 10 | 1.384.755 | 1.076.785 | 48.182 | 50.471 |
| Investments in subsidiaries..... | | 0 | 0 | 2.158.778 | 2.018.850 |
| Investments in associates..... | | 29.837 | 30.118 | 0 | 0 |
| Other securities..... | | 130.919 | 108.041 | 0 | 0 |
| Receivables from associated enterprises..... | | 4.839 | 15.741 | 0 | 0 |
| Financial non-current assets..... | 11 | 165.595 | 153.900 | 2.158.778 | 2.018.850 |
| NON-CURRENT ASSETS..... | | 1.657.302 | 1.344.480 | 2.206.960 | 2.069.321 |
| Raw materials and consumables... | | 254.866 | 222.116 | 0 | 0 |
| Finished goods and goods for resale..... | | 259.123 | 446.239 | 0 | 0 |
| Inventories..... | 12 | 513.989 | 668.355 | 0 | 0 |
| Trade receivables..... | | 387.591 | 460.602 | 549 | 530 |
| Receivables from group enterprises..... | | 0 | 0 | 3.311 | 1.109 |
| Other receivables..... | 13 | 60.534 | 51.792 | 1 | 25 |
| Corporation tax receivable..... | | 0 | 5.830 | 0 | 0 |
| Prepayments and accrued income. | | 12.324 | 9.550 | 49 | 59 |
| Receivables..... | | 460.449 | 527.774 | 3.910 | 1.723 |
| Other securities and investments.. | 14 | 67.048 | 112.692 | 0 | 9.858 |
| Current investments..... | | 67.048 | 112.692 | 0 | 9.858 |
| Cash and cash equivalents..... | | 205.692 | 161.303 | 34.749 | 20.520 |
| CURRENT ASSETS..... | | 1.247.178 | 1.470.124 | 38.659 | 32.101 |
| ASSETS..... | | 2.904.480 | 2.814.604 | 2.245.619 | 2.101.422 |

BALANCE SHEET AT 31 DECEMBER

| EQUITY AND LIABILITIES | Note | Group | | Parent Company | |
|---|------|------------------|------------------|------------------|------------------|
| | | 2023 DKK '000 | 2022 DKK '000 | 2023 DKK '000 | 2022 DKK '000 |
| Share Capital..... | | 25.000 | 25.000 | 25.000 | 25.000 |
| Reserve for revaluation..... | | 3.400 | 3.499 | 0 | 0 |
| Reserve for net revaluation under the equity method..... | | 0 | 0 | 2.107.246 | 1.967.317 |
| Other reserves..... | | 1.500 | 1.500 | 1.500 | 1.500 |
| Reserve for development cost..... | | 13.946 | 24.837 | 0 | 0 |
| Reserve for fair value..... | | -29.791 | -28.571 | 0 | 0 |
| Retained earnings..... | | 2.223.089 | 2.067.297 | 103.401 | 99.748 |
| Minority shareholders..... | | 25.256 | 23.196 | 0 | 0 |
| EQUITY..... | | 2.262.400 | 2.116.758 | 2.237.147 | 2.093.565 |
| Pensions and similar obligations... | | 0 | 279 | 0 | 93 |
| Provision for deferred tax..... | 15 | 35.988 | 37.586 | 5.336 | 5.613 |
| PROVISIONS..... | | 35.988 | 37.865 | 5.336 | 5.706 |
| Bank loan..... | | 200.000 | 200.000 | 0 | 0 |
| Non-current liabilities..... | 16 | 200.000 | 200.000 | 0 | 0 |
| Bank debt..... | | 131.950 | 122.298 | 0 | 0 |
| Trade payables..... | | 155.544 | 224.487 | 906 | 204 |
| Payables to associated enterprises..... | | 4.399 | 4.430 | 0 | 0 |
| Corporation tax..... | | 3.223 | 16.089 | 217 | 914 |
| Other liabilities..... | | 110.976 | 92.677 | 2.013 | 1.033 |
| Current liabilities..... | | 406.092 | 459.981 | 3.136 | 2.151 |
| LIABILITIES..... | | 606.092 | 659.981 | 3.136 | 2.151 |
| EQUITY AND LIABILITIES..... | | 2.904.480 | 2.814.604 | 2.245.619 | 2.101.422 |
| Contingencies etc. | 17 | | | | |
| Charges and securities | 18 | | | | |
| Related parties | 19 | | | | |

EQUITY

| | Group | | | | |
|---|---------------|---------------------------|-------------------|-----------------------|------------------|
| | Share Capital | Other restricted reserves | Retained earnings | Minority shareholders | Total |
| Equity at 1 January 2023..... | 25.000 | 1.265 | 2.067.297 | 23.196 | 2.116.758 |
| Proposed profit allocation, note 8..... | | | 144.802 | 628 | 145.430 |
| Transactions with owners | | | | | |
| Dividend paid..... | | | | -688 | -688 |
| Other adjustments..... | | | | 2.154 | 2.154 |
| Depreciations..... | | -5.002 | 5.002 | | 0 |
| Disposals/termination..... | | -9.060 | 9.060 | | 0 |
| Value adjustments in the year..... | | -1.220 | | -34 | -1.254 |
| Tax on changes in equity..... | | 3.072 | -3.072 | | 0 |
| Equity at 31 December 2023..... | 25.000 | -10.945 | 2.223.089 | 25.256 | 2.262.400 |

| | Group | | | | |
|--|-------------------------|----------------|-------------------------------|------------------------|----------------|
| | Reserve for revaluation | Other reserves | Reserve for development costs | Reserve for fair value | Total |
| Equity at 1 January 2023..... | 3.499 | 1.500 | 24.837 | -28.571 | 1.265 |
| Depreciations..... | -99 | | -4.903 | | -5.002 |
| Disposals/termination..... | | | -9.060 | | -9.060 |
| Value adjustments in the year..... | | | | -1.220 | -1.220 |
| Tax on changes in equity..... | | | 3.072 | | 3.072 |
| Equity at 31 December 2023..... | 3.400 | 1.500 | 13.946 | -29.791 | -10.945 |

| | Parent Company | | | | |
|---|----------------|---|----------------|-------------------|------------------|
| | Share Capital | Reserve for net revaluation under the equity method | Other reserves | Retained earnings | Total |
| Equity at 1 January 2023..... | 25.000 | 1.967.317 | 1.500 | 99.748 | 2.093.565 |
| Proposed profit allocation, note 8..... | | 141.149 | | 3.653 | 144.802 |
| Other adjustments to equity value..... | | -1.220 | | | -1.220 |
| Equity at 31 December 2023..... | 25.000 | 2.107.246 | 1.500 | 103.401 | 2.237.147 |

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

| | Group | |
|---|------------------|------------------|
| | 2023 DKK '000 | 2022 DKK '000 |
| Profit/loss for the year..... | 145.430 | 292.137 |
| Depreciation and amortisation, reversed..... | 87.699 | 84.946 |
| Reversed realization gains/loss..... | 5.788 | 0 |
| Profit/loss from associates..... | -1.878 | -2.919 |
| Adjustment of other financial income..... | -730 | 6.225 |
| Tax on profit/loss, reversed..... | 36.300 | 69.727 |
| Other adjustments..... | 621 | 7.290 |
| Corporation tax paid..... | -44.934 | -54.453 |
| Change in inventories..... | 154.366 | -235.425 |
| Change in receivables (ex tax)..... | 61.495 | -72.204 |
| Change in current liabilities (ex bank and tax)..... | -50.677 | 80.574 |
| CASH FLOWS FROM OPERATING ACTIVITY..... | 393.480 | 175.898 |
| Purchase/sale of intangible assets, net..... | 9.039 | -26.005 |
| Purchase of tangible fixed assets..... | -403.653 | -289.406 |
| Purchase of financial assets..... | 36.559 | -83.813 |
| CASH FLOWS FROM INVESTING ACTIVITY..... | -358.055 | -399.224 |
| Change in operating capital..... | 9.652 | 90.161 |
| Dividends paid in the financial year..... | -688 | -2.919 |
| Other cash flows from financing activities..... | 0 | 120.000 |
| CASH FLOWS FROM FINANCING ACTIVITY..... | 8.964 | 207.242 |
| CHANGE IN CASH AND CASH EQUIVALENTS..... | 44.389 | -16.084 |
| Cash and cash equivalents at 1. januar..... | 161.303 | 177.387 |
| CASH AND CASH EQUIVALENTS AT 31. DECEMBER..... | 205.692 | 161.303 |
| Cash and cash equivalents at 31 December comprise: | | |
| Cash and cash equivalents..... | 205.692 | 161.303 |
| CASH AND CASH EQUIVALENTS..... | 205.692 | 161.303 |

NOTES

| | Group | | Parent Company | | Note |
|---|------------------|------------------|------------------|------------------|----------|
| | 2023 DKK '000 | 2022 DKK '000 | 2023 DKK '000 | 2022 DKK '000 | |
| Net revenue | | | | | 1 |
| Segment details (geography) | | | | | |
| Americas..... | 757.694 | 754.082 | 0 | 0 | |
| Asia..... | 333.163 | 415.287 | 0 | 0 | |
| EMEA..... | 1.237.644 | 1.344.091 | 11.664 | 11.214 | |
| | 2.328.501 | 2.513.460 | 11.664 | 11.214 | |
| | | | | | |
| Fee to statutory auditor | | | | | 2 |
| BDO-Network..... | 1.258 | 988 | | | |
| Others..... | 1.208 | 1.466 | | | |
| | 2.466 | 2.454 | | | |
| | | | | | |
| Specification of fee: | | | | | |
| Statutory audit..... | 1.486 | 1.744 | | | |
| Other services..... | 980 | 710 | | | |
| | 2.466 | 2.454 | | | |
| | | | | | |
| Staff costs | | | | | 3 |
| Average number of full time employees | 699 | 655 | 1 | 1 | |
| | | | | | |
| Wages and salaries..... | 344.962 | 323.401 | 3.451 | 1.610 | |
| Pensions..... | 40.846 | 40.253 | 961 | 785 | |
| Social security costs..... | 14.479 | 7.820 | 2 | 2 | |
| | 400.287 | 371.474 | 4.414 | 2.397 | |
| | | | | | |
| Remuneration of Executive Board... | 12.075 | 8.461 | 4.323 | 2.397 | |
| | 12.075 | 8.461 | 4.323 | 2.397 | |
| | | | | | |
| Income from investments in subsidiaries and associates | | | | | 4 |
| Income from investments in subsidiaries..... | 0 | 0 | 141.149 | 282.864 | |
| Income from investments in associates..... | -1.165 | 2.919 | 0 | 0 | |
| | -1.165 | 2.919 | 141.149 | 282.864 | |

NOTES

| | Group | | Parent Company | | Note |
|--|------------------|------------------|--------------------------------------|-------------------------------------|----------|
| | 2023 DKK '000 | 2022 DKK '000 | 2023 DKK '000 | 2022 DKK '000 | |
| Other financial income | | | | | 5 |
| Group enterprises..... | 0 | 0 | 323 | 20 | |
| Other interest income..... | 28.487 | 21.288 | 620 | 33 | |
| | 28.487 | 21.288 | 943 | 53 | |
| Other financial expenses | | | | | 6 |
| Other interest expenses..... | 56.270 | 41.663 | 42 | 138 | |
| | 56.270 | 41.663 | 42 | 138 | |
| Tax on profit/loss for the year | | | | | 7 |
| Calculated tax on taxable income of the year..... | 35.093 | 68.524 | 1.319 | 1.468 | |
| Adjustment of tax in previous years. | 0 | 211 | 0 | 0 | |
| Adjustment of deferred tax..... | 1.207 | 992 | -277 | -515 | |
| | 36.300 | 69.727 | 1.042 | 953 | |
| Proposed distribution of profit | | | | | 8 |
| Allocation to reserve for net revaluation under the equity method..... | 0 | 0 | 141.149 | 282.864 | |
| Retained earnings..... | 144.802 | 286.199 | 3.653 | 3.335 | |
| Minority interests' share of results of subsidiaries..... | 628 | 5.938 | 0 | 0 | |
| | 145.430 | 292.137 | 144.802 | 286.199 | |
| Intangible assets | | | | | 9 |
| | | | Group | | |
| | | | Development projects completed | Intangible fixed assets acquired | |
| Cost at 1 January 2023..... | | | 23.525 | 3.685 | |
| Exchange adjustment..... | | | 0 | 96 | |
| Transfer..... | | | 7.810 | 0 | |
| Additions..... | | | 0 | 5 | |
| Cost at 31 December 2023..... | | | 31.335 | 3.786 | |
| Amortisation at 1 January 2023..... | | | 8.553 | 1.056 | |
| Exchange adjustment..... | | | 0 | 80 | |
| Amortisation for the year..... | | | 4.903 | 340 | |
| Amortisation at 31 December 2023..... | | | 13.456 | 1.476 | |
| Carrying amount at 31 December 2023..... | | | 17.879 | 2.310 | |

NOTES

Note

Intangible fixed assets (continued)

9

| | Group | |
|---|----------------|--|
| | Goodwill | Development projects in progress and prepayments |
| Cost at 1 January 2023..... | 141.505 | 16.870 |
| Transfers to/from other items..... | 0 | -7.810 |
| Additions..... | 0 | 14.513 |
| Disposals..... | 0 | -9.060 |
| Cost at 31 December 2023..... | 141.505 | 14.513 |
| Amortisation at 1 January 2023..... | 62.181 | 0 |
| Amortisation for the year..... | 7.074 | 0 |
| Amortisation at 31 December 2023..... | 69.255 | 0 |
| Carrying amount at 31 December 2023..... | 72.250 | 14.513 |

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

| | Group | |
|---|--------------------|--------------------------------|
| | Land and buildings | Production plant and machinery |
| Cost at 1 January 2023..... | 683.268 | 646.761 |
| Exchange adjustment..... | 5.194 | -6.333 |
| Additions..... | 81.353 | 143.893 |
| Disposals..... | -16.374 | -5.501 |
| Cost at 31 December 2023..... | 753.441 | 778.820 |
| Revaluation at 1 January 2023..... | 4.066 | 0 |
| Exchange adjustment..... | 7 | 0 |
| Revaluation at 31 December 2023..... | 4.073 | 0 |
| Depreciation and impairment losses at 1 January 2023..... | 195.692 | 410.616 |
| Exchange adjustment..... | 176 | -2.302 |
| Reversal of depreciation of assets disposed of..... | -12.863 | -9.969 |
| Depreciation for the year..... | 20.748 | 43.853 |
| Depreciation and impairment losses at 31 December 2023.... | 203.753 | 442.198 |
| Carrying amount at 31 December 2023..... | 553.761 | 336.622 |
| Value of recognised assets, excluding revaluation under section 41..... | 550.060 | |

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 2023..... | 119.273 | 308.155 | |
| Exchange adjustment..... | 1.287 | 0 | |
| Additions..... | 22.262 | 236.011 | |
| Disposals..... | -3.138 | -102.362 | |
| Cost at 31 December 2023..... | 139.684 | 441.804 | |
| Depreciation and impairment losses at 1 January 2023..... | 78.221 | | |
| Exchange adjustment..... | 12 | | |
| Reversal of depreciation of assets disposed of..... | -1.904 | | |
| Depreciation for the year..... | 10.787 | | |
| Depreciation and impairment losses at 31 December 2023... | 87.116 | | |
| Carrying amount at 31 December 2023..... | 52.568 | 441.804 | |
| | Parent Company | | |
| | Land and buildings | Other plants, machinery, tools and equipment | Tangible fixed assets in progress and prepayment |
| Cost at 1 January 2023..... | 127.962 | 1.905 | 202 |
| Additions..... | 2 | 0 | 1.008 |
| Disposals..... | -51 | 0 | 0 |
| Cost at 31 December 2023..... | 127.913 | 1.905 | 1.210 |
| Depreciation and impairment losses at 1 January 2023..... | 78.028 | 1.570 | |
| Depreciation for the year..... | 3.103 | 145 | |
| Depreciation and impairment losses at 31 December 2023..... | 81.131 | 1.715 | |
| Carrying amount at 31 December 2023..... | 46.782 | 190 | 1.210 |

NOTES

Note

Financial non-current assets

11

| | Group | | |
|--|------------------------------|------------------|---|
| | Investments in associates | Other securities | Receivables from associated enterprises |
| Cost at 1 January 2023..... | 17.690 | 144.336 | 17.500 |
| Additions..... | 0 | 19.244 | 0 |
| Disposals..... | 0 | 0 | -8.000 |
| Cost at 31 December 2023..... | 17.690 | 163.580 | 9.500 |
| Revaluation at 1 January 2023..... | 13.063 | -36.296 | 0 |
| Dividend..... | 0 | -23.987 | 0 |
| Revaluation and impairment losses for the year..... | -1.878 | 27.630 | 0 |
| Other adjustments..... | 962 | -8 | 0 |
| Revaluation at 31 December 2023..... | 12.147 | -32.661 | 0 |
| Impairment losses at 1 January 2023..... | 0 | 0 | 1.759 |
| Other adjustments..... | 0 | 0 | 2.902 |
| Impairment losses at 31 December 2023..... | 0 | 0 | 4.661 |
| Carrying amount at 31 December 2023..... | 29.837 | 130.919 | 4.839 |
| | | | Parent Company |
| | | | Investments in subsidiaries |
| Cost at 1 January 2023..... | | | 51.532 |
| Cost at 31 December 2023..... | | | 51.532 |
| Revaluation at 1 January 2023..... | | | 1.967.317 |
| Profit/loss for the year..... | | | 141.149 |
| Equity movements..... | | | -1.220 |
| Revaluation at 31 December 2023..... | | | 2.107.246 |
| Carrying amount at 31 December 2023..... | | | 2.158.778 |

NOTES

Note

Fixed asset investments (continued)
Investments in subsidiaries

11

| Name and domicil | Ownership |
|---|-----------|
| Palsgaard Gods A/S, Juelsminde..... | 100 % |
| Palsgaard Solar A/S, Hedensted..... | 100 % |
| Nexus A/S, Hedensted..... | 100 % |
| Anita d'Foged A/S, Hedensted..... | 100 % |
| Palsgaard Bio Energy A/S, Hedensted..... | 100 % |
| Hellebjerg Invest A/S, Hedensted..... | 100 % |
| Mezinvests SIA, Letland..... | 100 % |
| Palsgaard A/S, Hedensted..... | 100 % |
| Palsgaard India, India..... | 100 % |
| Palsgaard Great Britain Ltd., England..... | 100 % |
| Palsgaard Netherlands B.V., Holland..... | 100 % |
| Palsgaard Malaysia SDN. BHD., Malaysia..... | 100 % |
| Palsgaard Inc., USA..... | 100 % |
| Palsgaard Additive China Ltd., Kina..... | 100 % |
| Palsgaard Verwaltungsgesellschaft mbH, Tyskland..... | 100 % |
| Palsgaard Verkaufsgesellschaft m.b.H. & Co. KG, Tyskland..... | 100 % |
| Palsgaard France Sas, Frankrig..... | 100 % |
| Palsgaard Manufacturing, S. de R.L. de C.V., Mexico..... | 95 % |
| Palsgaard Polska Sp. Z o. o., Polen..... | 100 % |
| Palsgaard "R" LLC, Rusland..... | 100 % |
| Palsgaard Asia-Pasific Pte. Ltd., Singapore..... | 100 % |
| Palsgaard Industri de Mexico S. de R.L. de C.V., Mexico..... | 90 % |
| Palsgaard do Brasil Ltda., Brasilien..... | 100 % |
| Palsgaard South Africa Pt. Ltd., Sydafrika..... | 100 % |
| Palsgaard Candon S/A, Brasilien..... | 100 % |
| Palsgaard Kenya Limited, Kenya..... | 100 % |
| Palsgaard Gida Sanayi ve Dis Ticaret A.S., Tyrkiet..... | 92 % |
| Palsgaard Nigeria, Nigeria..... | 100 % |

Investments in associates

| Name and domicil | Ownership |
|---|-----------|
| Boco Seafood A/S, Norddjurs..... | 41,67 % |
| Unison Energy Partners ApS, Aarhus..... | 24,68 % |

NOTES

| | <u>Group</u> | | <u>Parent Company</u> | | Note |
|--------------------------------------|------------------|------------------|-----------------------|------------------|------|
| | 2023 DKK '000 | 2022 DKK '000 | 2023 DKK '000 | 2022 DKK '000 | |
| Inventories | | | | | 12 |
| Raw materials and consumables..... | 254.866 | 222.116 | 0 | 0 | |
| Finished goods and goods for resale. | 259.123 | 446.239 | 0 | 0 | |
| | 513.989 | 668.355 | 0 | 0 | |

The carrying amount of inventories includes biological assets measured at fair value by the following amounts:

| | <u>Group</u> |
|-------------------------------------|--------------|
| | Corn |
| Fair value at 31 December 2023..... | 4.415 |

Other receivables

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 2023 to hedge future purchases of USD, ZAR and CNY totaling to 681 DKK ('000).

CNH 25 DKK ('000)
USD 766 DKK ('000)
ZAR -103 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 receivables" 31 December 2023 DKK ('000) 681 and "Other liabilities" 31 December 2022 DKK ('000) 2.635.

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

Other securities and investments

| | <u>Group</u> | | |
|--|--------------|-----------------|--------------------|
| | Listed bonds | Listed equities | Nonlisted equities |
| Fair value at 31 December 2023..... | 7.468 | 34.380 | 25.200 |
| Value adjustment in the year recognised in the Income Statement..... | 1.453 | -816 | -4.431 |

NOTES

Note

Provision for deferred tax

15

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> | |
|--|------------------|------------------|-----------------------|------------------|
| | 2023 DKK '000 | 2022 DKK '000 | 2023 DKK '000 | 2022 DKK '000 |
| Deferred tax, beginning of year..... | 37.586 | 28.977 | 5.613 | 6.128 |
| Deferred tax of the year, income statement and equity..... | -1.598 | 8.609 | -277 | -515 |
| Provision for deferred tax 31 December 2023..... | 35.988 | 37.586 | 5.336 | 5.613 |

Long-term liabilities

16

| | <u>Group</u> | | | |
|------------------------|---------------------------------|------------------------|--------------------------------------|---------------------------------|
| | 31/12 2023 total liabilities | Repayment next year | Debt outstanding after 5 years | 31/12 2022 total liabilities |
| Bank loan..... | 200.000 | 0 | 0 | 200.000 |
| Other liabilities..... | 0 | 0 | 0 | 3.730 |
| | 200.000 | 0 | 0 | 203.730 |

Contingencies etc.

17

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) 1.968.

The lease agreements have a total residual lease payment of DKK ('000) 4.401. The remaining period of the lease agreements is 0-4 years.

Charges and securities

18

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

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

19

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 | 705 |
| Receivables from related parties | | | |
| Boco Seafood A/S | Associated enterprise | Carrying amount at 31 December 2023 | 9.500 |

ACCOUNTING POLICIES

The Annual Report of Schou-Fondet for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year, except for the following areas.

Change in accounting policies and classification

The accounting policies have been changed in the following areas:

- The presentation of the item “Cost of sales” has been changed so that the item is divided into the items “Changes in inventories of finished goods and goods in process” and “Expenses for raw materials and consumables”, which is in accordance with the gross presentation of the Danish Financial Statements Act. The comparative figures have been adjusted. The changed presentation has no effect on the net profit or loss for the year or last year, the balance sheet total or equity.

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.

Changes in inventories of finished goods and goods in process

Changes in inventories of finished goods and goods in process comprise decrease or increase of inventories for the year as a result of costs of raw materials and consumables as well as staff costs. Additionally, normal impairment of inventories of finished goods is included.

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.

Costs of raw materials and consumables

Raw materials and consumables comprises the costs of raw materials and consumables used to reach the revenue for the year. Additionally, decrease or increase of inventories of raw materials and consumables for the year is included, as well as normal impairment of inventories 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.

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.

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.

ACCOUNTING POLICIES

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the 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.

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.

Subsidiaries and associates with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiaries and associates deficit.

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.

ACCOUNTING POLICIES

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.

Securities and investments

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.