

# DSD Holding A/S

*Bakkegårds Allé 23, 5550 Langeskov*

**CVR-nummer: 26096537**

**Annual report 2019**

(20. fiscal year)

Disclosed and approved on the Annual General Meeting of the company, the 18/9 2020



Chairman  
Charles Norman Sheppy

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## MANAGEMENT'S STATEMENT

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Today the Board of Directors and the Executive Board have discussed and approved the Annual Report of DSD Holding A/S for the period 1. january - 31. december 2019.

The Annual Report has been prepared in conformity with the Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, equity, liabilities and financial position at 31. december 2019 and of its financial performance for the period 1. january - 31. december 2019.

In our opinion the Management commentary includes a fair review of the matters described.

We recommend that the Annual Report be approved by the Annual General Meeting.

Langeskov, 18 / 9 2020

### Management

*Charles Sheppy*

Charles Norman Sheppy

### Board of directors

*Charles Sheppy*

Charles Norman Sheppy

Kevin David Parker

Louis-Marie Allain

## **INDEPENDENT AUDITOR'S REPORT**

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### **To the shareholders in DSD Holding A/S**

#### **Auditor's report on the financial statements**

##### **Conclusion**

We have audited the Financial Statements of DSD Holding A/S for the period 1. january - 31. december 2019, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31. december 2019, and of the results of the Company operations for the period 1. january - 31. december 2019 in accordance with the Danish Financial Statements Act.

##### **Basis for conclusion**

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

##### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of financial statements in conformity with the Danish Financial Statements Act. Management is also responsible for the internal control that it deems necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### **Auditor responsible for auditing the financial statements**

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

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

## **INDEPENDENT AUDITOR'S REPORT**

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dit. We also:

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

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

### **Statement on the Management's review**

Management is responsible for the Management's Review.

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

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

**INDEPENDENT AUDITOR'S REPORT**

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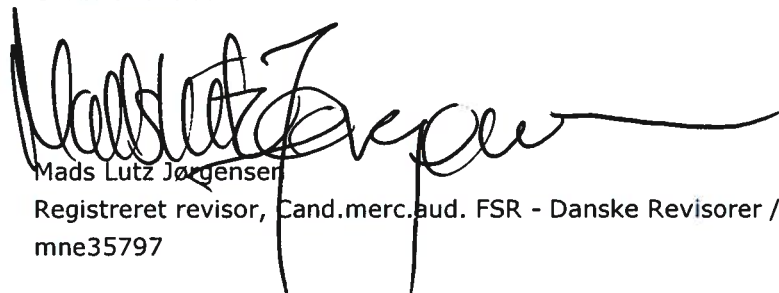
ally misstated.

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

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

Frederiksberg, 18 / 9 2020

**Revision København**  
Godkendt Revisionspartnerselskab  
CVR.: 34619654



Mads Lutz Jørgensen

Registreret revisor, Cand.merc.aud. FSR - Danske Revisorer / Certified Public Accountant  
mne35797

## COMPANY INFORMATION

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### **The Company**

DSD Holding A/S  
Bakkegårds Allé 23  
5550 Langeskov

Phone: +4 53 64 93 344  
Fax: +4 53 64 95 725  
Homepage: [www.destronfearing.com](http://www.destronfearing.com)  
E-mail: [info@destronfearing.com](mailto:info@destronfearing.com)

CVR-no.: 26 09 65 37  
Financial year: 1. january - 31. december  
Customer number: 14367260

### **Board of Management**

Charles Norman Sheppy  
Kevin David Parker  
Louis-Marie Allain

### **Executive board**

Charles Norman Sheppy

### **Accountant**

Revision København  
Godkendt Revisionspartnerselskab  
Nimbusparken 24, 3.  
2000 Frederiksberg

## **MANAGEMENT COMMENTARY**

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### **Main activities of the Company**

DSD-Holding A/S is the parent company of Destron Fearing A/S, Allflex Dan-Mark ApS and OS ID Greece.

All companies produce and sell plastic visual and electronic ear tags to identify livestock.

In addition the products for animal identification manufactured by the US mother company are sold on international markets. These include companion animal products involving electronic chips that are implanted in companion pets, enabling lost pets to be reunited with their owners.

### **Development in the activities and the financial situation of the Company**

Following the reorganization of the subsidiary results have demonstrated a positive trend and continue to show increased profitability.

Furthermore the company's ultimate parent expresses a continuing support to the company.

### **Outlook for 2020**

In 2020 the company will further develop the product lines and expects a further improvement of operating profit.

### **Material events after the reporting date**

No events have occurred after the reporting date that may materially affect the financial position of the company.



## **ACCOUNTING POLICIES**

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### **GENERAL INFORMATION**

The financial statements of DSD Holding A/S for the financial year 2019 have been prepared in conformity with the provisions of the Financial Statements Act on class B enterprises combined with a few rules on class C enterprises.

The accounting policies applied in the financial statements are consistent with those of the previous year. The reporting currency is Danish kroner.

### **Recognition and measurement in general**

The financial statements have been prepared under the historical cost convention.

Income is recognised in the income statement when earned. Value adjustments of financial assets and liabilities measured at fair value or amortised cost are also recognised in the income statement. Costs incurred to generate the earnings for the year are also recognised in the income statement, including amortisation, depreciation, impairment losses and provisions as well as reversals resulting from changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future financial benefits will flow to the Company and it is possible to obtain a reliable measurement of the individual assets.

Liabilities are recognised in the balance sheet when it is probable that future financial benefits will flow from the Company and it is possible to obtain a reliable measurement of the individual liabilities.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item.

Certain financial assets and liabilities are measured at amortised cost, whereby a constant effective interest rate is recognised over the life of the individual asset or liability. Amortised cost is determined as original cost less any repayments and with the addition/deduction of the accumulated amortisation of the difference between cost and nominal amount.

Anticipated losses and risks arising before the presentation of the financial statements and confirming or disconfirming facts and circumstances known at the reporting date are taken into consideration at recognition and measurement.

### **Foreign currency translation**

Foreign currency transactions are translated at the exchange rates ruling at the transaction dates. Gains and losses arising from movements between the exchange rates at the date of the individual transaction and the date of payment are recognised in the income statement as financial income or financial expenses.

## **ACCOUNTING POLICIES**

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Receivables, accounts payable and other monetary items denominated in a foreign currency, but not settled at the reporting date, are translated at the exchange rates ruling at the reporting date.

Exchange rate differences between the exchange rates at the reporting date and the date of the individual transaction are recognised in the income statement as financial income or financial expenses.

### **INCOME STATEMENT**

Gross profit is a combination of the items of 'Revenue', 'Change in inventories of finished goods, work in progress and goods for resale', 'Other operating income', 'Cost of raw materials and consumables' and 'Other external costs'.

#### **Revenue**

Revenue from the sale of goods for resale and finished goods is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end. Revenue is recognised exclusive of VAT and net of sales discounts.

#### **Other external expenses**

Other external expenses include costs for sales, advertising, administration, premises, bad debts, rental expenses under operating leases, etc.

#### **Income or loss from investments in subsidiaries and associates**

The proportionate share of post-tax profit or loss of the individual subsidiaries and associates is recognised in the income statement.

#### **Financial income and expenses**

Financial income and expenses are recognised in the income statement based on the amounts which relate to the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses on securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme. Dividends from other equity investments are recognised as income in the financial year in which the dividends are declared.

#### **Tax on net profit for the year**

Tax for the year comprises current tax and changes in deferred tax. The share attributable to the profit or loss for the year is recognised in the income statement, and the share attributable directly to equity is recognised directly in equity.

The Company is the administration company of the joint taxation scheme. All Danish taxes on the taxable income of subsidiaries are paid by the Company.

## ACCOUNTING POLICIES

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### BALANCE SHEET

#### **Investments in subsidiaries and associates**

Investments in subsidiaries are recognised in the balance sheet at cost. Cost includes the acquisition price measured at fair value with addition of direct costs of purchase. Where the recoverable amount is lower than cost, the investments are written down to this lower value.

#### **Receivables**

Receivables are measured at amortised cost, which normally corresponds to the nominal value. The value is reduced by an allowance for expected impairment losses.

Impairment of accounts receivable past due is established on individual assessment of receivables.

#### **Corporate income tax and deferred tax**

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

Deferred tax is measured using the balance-sheet liability method on temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases. In cases where the tax base can be determined under alternative taxation rules, such as in relation to shares, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are measured at their anticipated net realisable value, either by elimination in tax on future earnings or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at their net realisable values.

#### **Payables**

Other payables, comprising trade payables and amounts owed to Group enterprises and associates and other accounts payable, are measured at amortised cost, which normally corresponds to the nominal value.

**INCOME STATEMENT 1. JANUARY - 31. DECEMBER 2019**

	2019 kr.	2018 kr.
<b>GROSS PROFIT</b>	<b>-9.213</b>	<b>-316.388</b>
1 Staff costs	0	0
<b>OPERATING PROFIT OR LOSS</b>	<b>-9.213</b>	<b>-316.388</b>
Income or loss from equity investments in group enterprises	0	10.989.725
Other financial income from Group enterprises	41.259	155.110
Financial expenses arising from Group enterprises	-1.596.962	-233.607
Other financial expenses	-9.500	-12.518.299
<b>PROFIT OR LOSS BEFORE TAX</b>	<b>-1.574.416</b>	<b>-1.923.459</b>
2 Tax on net profit for the year	451.267	129.822
<b>PROFIT OR LOSS FOR THE YEAR</b>	<b>-1.123.149</b>	<b>-1.793.637</b>
<b>PROPOSED DISTRIBUTION OF NET PROFIT</b>		
Extraordinary dividends paid in the financial year	0	8.659.539
Retained earnings	-1.123.149	-10.453.176
<b>SETTLEMENT OF DISTRIBUTION TOTAL</b>	<b>-1.123.149</b>	<b>-1.793.637</b>

**BALANCE SHEET AT 31. DECEMBER 2019 ASSETS**

	2019 kr.	2018 kr.
3 Equity investments in group enterprises	49.234.603	31.324.155
Deferred tax asset	0	129.822
<b>Investments</b>	<b>49.234.603</b>	<b>31.453.977</b>
<b>NON-CURRENT ASSETS</b>	<b>49.234.603</b>	<b>31.453.977</b>
Receivables from group enterprises	493.047	131.000
Other receivables	2.889.047	2.648.159
<b>Receivables</b>	<b>3.382.094</b>	<b>2.779.159</b>
<b>CURRENT ASSETS</b>	<b>3.382.094</b>	<b>2.779.159</b>
<b>ASSETS</b>	<b>52.616.697</b>	<b>34.233.136</b>

**BALANCE SHEET AT 31. DECEMBER 2019 EQUITY AND LIABILITIES**

	2019 kr.	2018 kr.
Contributed capital	500.000	500.000
Retained earnings	3.036.543	4.159.692
<b>4 EQUITY</b>	<b>3.536.543</b>	<b>4.659.692</b>
Trade creditors	10.251	8.850
Amounts owed to group enterprises	49.069.903	29.564.594
Other accounts payable	0	0
<b>Short-term payables</b>	<b>49.080.154</b>	<b>29.573.444</b>
<b>PAYABLES</b>	<b>49.080.154</b>	<b>29.573.444</b>
<b>EQUITY AND LIABILITIES</b>	<b>52.616.697</b>	<b>34.233.136</b>

5 Contractual obligations and contingent items, etc.

6 Related parties

**NOTES**

	2019 kr.	2018 kr.
<hr/>		
<b>1 Staff costs</b>		
Number of people employed	1	1
	<u>1</u>	<u>1</u>
<b>2 Tax on net profit for the year</b>		
Calculated tax on net profit for the year	-283.000	0
Adjustment of deferred tax	129.822	-540.298
Adjustment of prior year tax	-298.089	0
Write down tax asset	0	410.476
	<u>-451.267</u>	<u>-129.822</u>

**NOTES**

	2019 kr.	2018 kr.
<b>3 Equity investments in group enterprises</b>		
Cost at beginning of period	43.842.454	14.904.053
Additions during the year	17.910.448	28.938.401
Cost 31. december 2019	<u>61.752.902</u>	<u>43.842.454</u>
Revaluation and impairment losses at beginning of period	<u>-12.518.299</u>	<u>-12.518.299</u>
Revaluation and impairment losses 31. december 2019	<u>-12.518.299</u>	<u>-12.518.299</u>
<b>Book value 31. december 2019</b>	<b><u>49.234.603</u></b>	<b><u>31.324.155</u></b>

Breakdown of investments in Group enterprises:

<b>Name, Registered office</b>	<b>Equity inte- rest</b>	<b>Equity</b>	<b>Profit/loss</b>
OS ID Hellas Thessaloniki, Greece VAT nr.: 118988885 (per 31.12.2018)	100%	-1.766.793	4.4587
Allflex Dan-Mark ApS Lemvig, Denmark CVR.: 78479310	100%	15.842.785	8.704.805



## NOTES

		2019 kr.	2018 kr.
	Opening balance	Proposed distribution of net profit	Closing balance
<b>4 Equity</b>			
Contributed capital	500.000	0	500.000
Retained earnings	4.159.692	-1.123.149	3.036.543
	<b>4.659.692</b>	<b>-1.123.149</b>	<b>3.536.543</b>

The share capital is divided as follows:

Share Capital of DKK 500.000 consists of shares of a nominal value of DKK 100.	500.000
	<b>500.000</b>

#### 5 Contractual obligations and contingent items, etc.

Furthermore the company has a tax asset equal to the tax value of the unused losses. Assets are not allocated fully in the balance. Due to also the recent changes in joint taxation whereas a subsidiary as been included in the joint taxation, the final tax value is to be confirmed by Danish Tax when tax returns regarding 2019 are due.

Unused loss totals 1.228.742 DKK whereas tax asset equals 22% hereof.

The Company is assessed for tax purposes jointly with other domestic enterprises of the Group. As Administration company, the Company and the other companies participating in joint taxation are fully, jointly and severally liable for Danish corporate income taxes and withholding taxes on dividends, interests and royalties payable by the jointly taxed companies.

**NOTES**

2019	2018
kr.	kr.

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**6 Related parties**

The following shareholders are entered in the Company's Register of Shareholders as owners of at least 5% of the voting rights or at least 5% of the share capital:

[Destron Fearing Corp. US](#)

Destron Fearing 2980 Commers Drive Suite 500 Eagan, MN 55121  
USA