Slovakiet Invest A/S

C/O The Blue Office ApS, Trindsøvej 6, 1., DK-8000 Aarhus C

Annual Report for 2023

CVR No. 29 19 89 50

The Annual Report was presented and adopted at the Annual General Meeting of the company on 12/7 2024

Petr Kromíchal
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Slovakiet Invest A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

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

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

Executive Board

Petr Kromíchal
Manager

Board of Directors

David Jecmik Chairman	Petr Kromíchal	Andrej Barath

Independent Auditor's report

To the shareholder of Slovakiet Invest A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Slovakiet Invest A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the 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 Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 Group and the Parent 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.

- 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

Esbjerg, 12 July 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henning Tønder Olesen
State Authorised Public Accountant
mne27864

Company information

The Company	Slovakiet Invest A/S C/O The Blue Office ApS Trindsøvej 6, 1. 8000 Aarhus C CVR No: 29 19 89 50 Financial period: 1 January - 31 December Municipality of reg. office: Aarhus - DK
Board of Directors	David Jecmik, chairman Petr Kromíchal Andrej Barath
Executive Board	Petr Kromíchal
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28, 2. DK-6700 Esbjerg

Group Chart

Company	Residence	Ownership
Slovakiet Invest A/S	**Denmark**	
Farma Majcichov a.s.	Slovakia	100%
Farma Trade s.r.o.	Slovakia	100%
Farma Jatov s.r.o.	Slovakia	83,33%

Financial Highlights

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

	Group				
	2023	2022	2021	2020	2019
	TEUR	TEUR	TEUR	TEUR	TEUR
Key figures					
Profit/loss					
Gross profit/loss	10,944	9,844	9,770	8,068	8,149
Profit/loss of primary operations	3,069	3,426	2,616	1,057	1,818
Profit/loss of financial income and expenses	-548	-412	-400	-561	-873
Net profit/loss for the year	2,034	2,378	1,757	427	659
Balance sheet					
Balance sheet total	55,604	37,054	34,103	32,558	32,549
Investment in property, plant and equipment	7,689	-4,917	-4,580	-2,937	-4,176
Equity	19,086	16,903	14,538	12,781	12,401
Cash flows					
Cash flows from:					
- operating activities	2,574	5,874	5,407	3,250	3,897
- investing activities	-19,034	-4,917	4,580	-2,931	-3,123
- financing activities	15,531	-74	-796	-300	-1,655
Change in cash and cash equivalents for the year	-929	883	31	19	-881
Number of employees	145	148	168	174	174
Ratios					
Return on assets	5.5%	9.2%	7.7%	3.2%	5.6%
Solvency ratio	34.3%	45.6%	42.6%	39.3%	38.1%
Return on equity	11.3%	15.1%	12.9%	3.4%	5.5%
Solvency ration incl. subordinated loan capital	34.4%	45.4%	42.6%	39.0%	40.4%
Interest coverage	12	15	15	8	5
Interest-bearing debt / EBITDA	5	3	3	4	4

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's review

Key activities

The Group's main activity is the operation of a dairy and livestock herd, a dairy and crop production in the subsidiaries Farma Majcichov a.s. and Farma Jatov s.r.o., Slovakia.

Development in the year

The income statement of the Group for 2023 shows a profit of TEUR 2,034, and at 31 December 2023 the balance sheet of the Group shows a positive equity of TEUR 19,086.

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

During 2023 the parent company in the group. Slovakiet Invest A/S, is overtaken by Agrocore s.r.o.

The result for the year were expected to be better than in 2022, but result for 2023 is TEUR 330 lower. Although the result is lower that expected, the result is considered satisfactory due to change in management during the year.

Market risks

The Company's market risks are related mainly to price fluctuations of milk, crops and livestock in Slovakia.

Targets and expectations for the year ahead

The operations for the year ahead is expected to be in line with 2023.

External environment

The Company operates farms in accordance with applicable rules in the EU and nationally. The Company has strategic environmental objectives for meeting all environmental requirements according to legislation and standards in the locations where the Company operates. Continuous efforts are directed at optimising environmental conditions with a view to a sustainable development for the environment and from a financial perspective.

Subsequent events

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

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		TEUR	TEUR	TEUR	TEUR
Gross profit before value adjustments		**10,945**	**10,137**	**-13**	**-6**
Value adjustments of assets held for investment	1	0	-293	0	0
Gross profit after value adjustments		**10,945**	**9,844**	**-13**	**-6**
Staff expenses	2	-4,166	-3,613	0	0
Depreciation and impairment losses of property, plant and equipment		-3,710	-2,805	0	0
Profit/loss before financial income and expenses		**3,069**	**3,426**	**-13**	**-6**
Income from investments in subsidiaries		0	0	2,034	2,377
Financial income	3	448	14	261	14
Financial expenses	4	-996	-426	-261	-2
Profit/loss before tax		**2,521**	**3,014**	**2,021**	**2,383**
Tax on profit/loss for the year	5	-487	-636	-14	0
Net profit/loss for the year	6	**2,034**	**2,378**	**2,007**	**2,383**

Balance sheet 31 December

Assets

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		TEUR	TEUR	TEUR	TEUR
Land and buildings	8	15,884	16,491	0	0
Basic herd	7	3,324	3,154	0	0
Other fixtures and fittings, tools and equipment	8	6,003	5,214	0	0
Property, plant and equipment in progress	8	122	602	0	0
Property, plant and equipment		**25,333**	**25,461**	**0**	**0**
Investments in subsidiaries	9	0	0	18,138	15,956
Fixed asset investments		**0**	**0**	**18,138**	**15,956**
Fixed assets		**25,333**	**25,461**	**18,138**	**15,956**
Raw materials and consumables		3,306	2,383	0	0
Work in progress		1,556	0	0	0
Finished goods and goods for resale		5,743	4,686	0	0
Inventories		**10,605**	**7,069**	**0**	**0**
Trade receivables		1,894	1,562	0	0
Receivables from group enterprises		15,452	0	10,269	0
Other receivables	10	1,965	1,887	0	0
Deferred tax asset	12	0	16	0	16
Corporation tax		236	0	0	0
Prepayments	11	32	43	0	0
Receivables		**19,579**	**3,508**	**10,269**	**16**
Cash at bank and in hand		**87**	**1,016**	**0**	**4**
Current assets		**30,271**	**11,593**	**10,269**	**20**
Assets		**55,604**	**37,054**	**28,407**	**15,976**

Balance sheet 31 December

Liabilities and equity

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		TEUR	TEUR	TEUR	TEUR
Share capital		403	403	403	403
Reserve for net revaluation under the equity method		0	0	4,294	2,111
Retained earnings		17,635	15,479	13,341	13,368
Equity attributable to shareholders of the Parent Company		**18,038**	**15,882**	**18,038**	**15,882**
Minority interests		1,048	1,021	0	0
Equity		**19,086**	**16,903**	**18,038**	**15,882**
Provision for deferred tax	12	479	515	0	0
Provisions		**479**	**515**	**0**	**0**
Credit institutions		19,414	11,714	0	0
Lease obligations		2,281	2,246	0	0
Trade payables		23	0	0	0
Long-term debt	13	**21,718**	**13,960**	**0**	**0**
Credit institutions	13	8,949	1,084	0	0
Lease obligations	13	665	811	0	0
Trade payables	13	3,008	1,758	0	0
Payables to group enterprises		-1	94	10,369	94
Corporation tax		0	256	0	0
Other payables		1,475	1,673	0	0
Deferred income	14	225	0	0	0
Short-term debt		**14,321**	**5,676**	**10,369**	**94**
Debt		**36,039**	**19,636**	**10,369**	**94**
Liabilities and equity		**55,604**	**37,054**	**28,407**	**15,976**

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Statement of changes in equity

Group

	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
Equity at 1 January	403	15,479	15,882	1,021	16,903
Other equity movements	0	149	149	0	149
Net profit/loss for the year	0	2,007	2,007	27	2,034
Equity at 31 December	**403**	**17,635**	**18,038**	**1,048**	**19,086**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TEUR	TEUR	TEUR	TEUR
Equity at 1 January	403	2,111	13,368	15,882
Other equity movements	0	149	0	149
Net profit/loss for the year	0	2,034	-27	2,007
Equity at 31 December	**403**	**4,294**	**13,341**	**18,038**

Cash flow statement 1 January - 31 December

	Note	Group 2023	Group 2022
		TEUR	TEUR
Result of the year		2,034	2,378
Adjustments	15	4,745	4,146
Change in working capital	16	-2,658	468
Cash flow from operations before financial items		**4,121**	**6,992**
Financial income		448	0
Financial expenses		-996	-426
Cash flows from ordinary activities		**3,573**	**6,566**
Corporation tax paid		-999	-692
Cash flows from operating activities		**2,574**	**5,874**
Purchase of property, plant and equipment		-3,582	-4,917
Loans		-15,452	0
Cash flows from investing activities		**-19,034**	**-4,917**
Repayment of loans from credit institutions		15,565	-1,217
Reduction of lease obligations		-111	1,224
Repayment of payables to group enterprises		-95	0
Repayment of other long-term debt		23	-81
Other equity entries		149	0
Cash flows from financing activities		**15,531**	**-74**
Change in cash and cash equivalents		**-929**	**883**
Cash and cash equivalents at 1 January		1,016	133
Cash and cash equivalents at 31 December		**87**	**1,016**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		87	1,016
Cash and cash equivalents at 31 December		**87**	**1,016**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TEUR	TEUR	TEUR	TEUR
1. Value adjustments of investment assets				
Fair value adjustment of basic herd and herd recognized as inventory	0	-293	0	0
	0	**-293**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	TEUR	TEUR	TEUR	TEUR
2. Staff Expenses				
Wages and salaries	2,950	2,555	0	0
Pensions	1,034	897	0	0
Other social security expenses	182	161	0	0
	4,166	**3,613**	**0**	**0**

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

Average number of employees	**145**	**148**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	TEUR	TEUR	TEUR	TEUR
3. Financial income				
Interest received from group enterprises	448	0	0	0
Other financial income	0	14	261	14
	448	**14**	**261**	**14**

Notes to the Financial Statements

4. Financial expenses

	Group		Parent company	
	2023	2022	2023	2022
	TEUR	TEUR	TEUR	TEUR
Interest paid to group enterprises	0	2	261	2
Other financial expenses	996	424	0	0
	996	**426**	**261**	**2**

5. Income tax expense

	Group		Parent company	
	2023	2022	2023	2022
	TEUR	TEUR	TEUR	TEUR
Current tax for the year	437	546	0	0
Deferred tax for the year	50	90	16	0
Adjustment of tax concerning previous years	0	0	-2	0
	487	**636**	**14**	**0**

6. Profit allocation

	Group		Parent company	
	2023	2022	2023	2022
	TEUR	TEUR	TEUR	TEUR
Reserve for net revaluation under the equity method	0	0	2,034	2,111
Minority interests' share of net profit/loss of subsidiaries	27	-5	0	0
Retained earnings	2,007	2,383	-27	272
	2,034	**2,378**	**2,007**	**2,383**

7. Assets measured at fair value

Group

	Basic herd
	TEUR
Cost at 1 January	6,711
Additions for the year	2,398
Disposals for the year	-1,687
Cost at 31 December	7,422
Value adjustments at 1 January	-3,557
Revaluations for the year	-541
Value adjustments at 31 December	-4,098
Carrying amount at 31 December	**3,324**

Assumptions underlying the determination of fair value of investment properties

Investment properties are measured at fair value. The fair value is calculated by using generally accepted valuation methods.

8. Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TEUR	TEUR	TEUR
Cost at 1 January	29,514	12,966	602
Additions for the year	511	2,440	2,340
Disposals for the year	0	-186	-2,820
Cost at 31 December	30,025	15,220	122
Impairment losses and depreciation at 1 January	13,023	7,752	0
Impairment losses for the year	11	0	0
Depreciation for the year	1,107	1,520	0
Reversal of impairment and depreciation of sold assets	0	-55	0
Impairment losses and depreciation at 31 December	14,141	9,217	0
Carrying amount at 31 December	**15,884**	**6,003**	**122**

Notes to the Financial Statements

	Parent company	
	2023	2022
	TEUR	TEUR

9. Investments in subsidiaries

	2023 TEUR	2022 TEUR
Cost at 1 January	13,845	13,845
Cost at 31 December	13,845	13,845
Value adjustments at 1 January	2,111	-253
Net profit/loss for the year	2,034	2,378
Other adjustments	148	-14
Value adjustments at 31 December	4,293	2,111
Carrying amount at 31 December	**18,138**	**15,956**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes
Farma Majchichov a.s	Slovakiet	9.653	100%

10. Other receivables

Other receivables mainly consists of subsidies regarding the financial year which have been received subsequently.

11. Prepayments

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

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TEUR	TEUR	TEUR	TEUR
12. Provision for deferred tax				
Deferred tax liabilities at 1 January	499	409	-16	0
Amounts recognised in the income statement for the year	50	90	16	0
Amounts recognised in equity for the year	-70	0	0	-16
Deferred tax liabilities at 31 December	**479**	**499**	**0**	**-16**
Recognised in the balance sheet as follows:				
Assets	0	16	0	16
Provisions	-479	-515	0	0
	479	**499**	**0**	**-16**

	Group		Parent company	
	2023	2022	2023	2022
	TEUR	TEUR	TEUR	TEUR

13. Long-term debt

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

The debt falls due for payment as specified below:

	2023	2022	2023	2022
Credit institutions				
After 5 years	4,297	7,373	0	0
Between 1 and 5 years	15,117	4,341	0	0
Long-term part	19,414	11,714	0	0
Within 1 year	5,692	1,084	0	0
Other short-term debt to credit institutions	3,257	0	0	0
	28,363	**12,798**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	TEUR	TEUR	TEUR	TEUR
13. Long-term debt				
Lease obligations				
After 5 years	0	0	0	0
Between 1 and 5 years	2,281	2,246	0	0
Long-term part	2,281	2,246	0	0
Within 1 year	665	811	0	0
	2,946	**3,057**	**0**	**0**
Trade payables				
After 5 years	0	0	0	0
Between 1 and 5 years	23	0	0	0
Long-term part	23	0	0	0
Other short-term trade payables	3,008	1,758	0	0
	3,031	**1,758**	**0**	**0**

14. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

	Group	
	2023	2022
	TEUR	TEUR
15. Cash flow statement - Adjustments		
Financial income	-448	-14
Financial expenses	996	426
Depreciation, amortisation and impairment losses, including losses and gains on sales	3,710	3,098
Value adjustments of assets held for investment	0	293
Tax on profit/loss for the year	487	636
Other adjustments	0	-293
	4,745	**4,146**

16. Cash flow statement - Change in working capital

	Group 2023 TEUR	Group 2022 TEUR
Change in inventories	-3,536	1,297
Change in receivables	-399	-1,546
Change in trade payables, etc	1,277	717
	-2,658	**468**

17. Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2023	2022	2023	2022
	TEUR	TEUR	TEUR	TEUR
Charges and security				
The following assets have been placed as security with bankers:				
Property, plant and equipment and herd with a carrying amount of	28,639	27,844	0	0
Trade receivables with a carrying amount of	1,562	0	0	0
Mortgage in the companys shares in subsidaries and transport in the parent companys receivables from group entreprises.	0	0	0	15,956

Rental and lease obligations

Rental agreements on land with non-termination period up til year 2032 and yearly payment EUR 0.8 mio.

Other contingent liabilities

Notes to the Financial Statements

18. Related parties

	Basis
Controlling interest	
Agrocore s.r.o. (100%)	Parent company

Transactions

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

All transactions with related parties are made on arm's length basis.

19. Subsequent events

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

Notes to the Financial Statements

20. Accounting policies

The Annual Report of Slovakiet Invest A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in TEUR.

Recognition and measurement

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

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

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

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Slovakiet Invest A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquistition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

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

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

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

Translation policies

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

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

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

Income statement

Revenue

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

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit

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

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

Income from investments in subsidiaries

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

Financial income and expenses

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

Tax on profit/loss for the year

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

Balance sheet

Property, plant and equipment

Investment properties

In Management’s opinion the classification of the properties as biological assets did not cause any difficulties.

Fair value is the amount for which the property could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

The valuation is not based on the statement from an external assessor.

The estimates applied are based on information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material. The assumptions applied are disclosed in the notes.

The value thus calculated is adjusted for any non-operating assets such as cash and cash equivalents, deposits, etc if they are not shown separately in the balance sheet.

Other property, plant and equipment

Land and buildings are measured at acquisition at cost price including acquisition price incl. purchase costs.

After initial recognition, land and buildings are measured at fair value. The fair value is an expression of the price of which land and buildings can be traded for between well-informed and willing parties on independent terms on the balance sheet date.

Determining fair value include significant accounting estimates. The fair value of land and buildings is calculated using a return-based model, where the expected future cash flows for the coming year together with a rate of return form the basis for the fair value of land and buildings. The calculations are based on the budget for the coming year. The budget includes developments in revenue, operating costs, maintenance and administration, etc. The budgeted cash flow is divided by the estimated rate of return, whereby the fair value of land and buildings is obtained.

An external appraiser has not been used in the valuation of land and buildings.

The estimates used are based on historical information as well as assumptions that management deems justifiable, but which are inherently uncertain and unpredictable. The actual events or circumstances are likely to deviate from those assumed in the calculations, as assumed events often do not occur as expected. These deviations can be significant.

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

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

Other fixtures and fittings, tools and equipment	7-15 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

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

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

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

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

Inventories

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

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

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

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

Herd recognized under inventories are measured at fair value. The fair value is determined on the basis of assessments from external parties with industry knowledge and knowledge of the local market, adapted to the condition of the herd.

Notes to the Financial Statements

Receivables

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

Prepayments

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

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial liabilities

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Notes to the Financial Statements

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity
Solvency ration incl. subordinated loan capital	(Equity at year end + subordinated loan capital) x 100 / Total assets at year end
Interest coverage	EBITDA / Financial income and expenses
Interest-bearing debt / EBITDA	Interest-bearing debt / EBITDA