

# VikingGenetics F.M.B.A

Ebeltoftvej 16  
DK-8960 Randers SØ

CVR no. 31 47 45 74

## Annual report 2021

The annual report was presented and approved at  
the Association's annual general meeting on

20th April 2022

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Chairman of the annual general meeting

## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Association details	6
Financial highlights for the Group	7
Operating review	8
Consolidated financial statements and parent association financial statements 1 January – 31 December	10
Income statement	10
Balance sheet	11
Statement of changes in equity	13
Cash flow statement	14
Notes	15





## Independent auditor's report

### To the shareholders of VikingGenetics F.M.B.A

#### Opinion

We have audited the consolidated financial statements and the parent Association financial statements of VikingGenetics F.M.B.A for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Association and a cash flow statement for the Group. The consolidated financial statements and the parent Association financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent Association financial statements give a true and fair view of the Group's and the Parent Association's assets, liabilities and financial position at 31 December 2021 and of the results of the Group's and the Parent Association's operations and consolidated cash flows for the financial year 1 January – 31 December 2021 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 parent Association 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.

#### Management's responsibility for the consolidated financial statements and the parent Association financial statements

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

In preparing the consolidated financial statements and the parent Association financial statements, Management is responsible for assessing the Group's and the Parent Association'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 parent Association financial statements unless Management either intends to liquidate the Group or the Association 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 consolidated financial statements and the parent Association financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent Association 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these consolidated financial statements and parent Association 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 consolidated financial statements and parent Association 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 Association'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 parent Association 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 Association'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 parent Association 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 Association to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent Association financial statements, including the disclosures, and whether the consolidated financial statements and the parent Association 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

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent Association financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent Association financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the consolidated financial statements or the parent Association financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Aarhus, 29 March 2022

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen  
State Authorised  
Public Accountant  
mne34459

Katrine Gybel  
State Authorised  
Public Accountant  
mne45848

**VikingGenetics F.M.B.A**  
Annual report 2021  
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## **Management's review**

### **Association details**

VikingGenetics F.M.B.A  
Ebeltoftvej 16  
DK-8960 Randers SØ

CVR no.: 31 47 45 74  
Established: 1 January 2008  
Registered office: Randers  
Financial year: 1 January – 31 December

### **Board of Directors**

Lars-Inge Gunnarsson, Chairman  
Anders Levring, Vice chairman  
Anna Riitta Lappalainen, Vice chairman  
Asger Ladefoged  
Henricus Johannes Maria van Heesch  
Andreas Karl Vilhelm Johansson  
Sven Per-Johan Svensson  
Peder Wulff Jacobsen  
Saija Tenhunen

### **Executive Board**

Brian Lang

### **Auditor**

KPMG  
Statsautoriseret Revisionspartnerselskab  
Frederiks Plads 42  
DK-8000 Aarhus C  
CVR no. 25 57 81 98

## Management's review

### Financial highlights for the Group

EUR'000	2021	2020	2019	2018	2017
<b>Key figures</b>					
Revenue	34,475	33,407	31,957	31,277	32,082
Gross profit	4,745	13,733	12,975	12,327	12,986
EBITDA	-7,066	2,769	2,079	2,278	2,252
Operating profit/loss	-9,727	456	-3	-3,821	-1,736
Profit/loss from financial income and expenses	372	-313	-3	-25	-40
Profit/loss for the year	-9,521	100	-89	-3,198	-1,854
Total assets	38,210	49,813	47,748	48,642	53,093
Equity	34,533	44,275	43,818	43,953	47,524
Investment in property, plant and equipment	691	609	3,440	2,895	672
<b>Ratios</b>					
Return on invested capital	-22.1%	0.9%	0.0%	-7.5%	-3.2%
Current ratio	635.2%	532.0%	682.5%	504.2%	515.1%
Return on equity	-24.0%	0.2%	-0.2%	-7.0%	-3.8%
Solvency ratio	90.4%	88.9%	91.8%	90.4%	89.5%
Average number of full-time employees	165	158	153	151	148

The financial ratios have been calculated as follows:

Return on invested capital  $\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$

Current ratio  $\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$

Return on equity  $\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$

Solvency ratio  $\frac{\text{Equity ex. non-controlling interests at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$





## Management's review

### Operating review

#### Environmental matters

The Association is subject to environmental requirements that influence the operation of farms. The Association has taken out insurance in the event of environmental pollution and conducts its operations in accordance with applicable EU and national legislation. Even though the Association conducts its operations as required under applicable legislation, there may still be instances of land pollution.

#### Research and development activities

The Association considers it is an important task to participate in research and provides substantial annual contributions for this purpose.

#### Knowledge resources

The Association has an academic environment which is far-reaching and, at the same time, specialised..

The Association also considers it is an important task to participate in research in areas relevant to its members. This is done in collaboration with several organisations. One of the Association's visions is to remain the absolute leader on the Danish, Swedish and Finnish markets within cattle breeding and be an active player in international livestock breeding work.

#### Particular risks

##### Operating risks

The most important operating risk of the Association is considered to be animal diseases as this will reduce the possibility to sell semen. In order to reduce the risk, the Association has taken the following precautions

- The Association has acquired neighbour farms to reduce the risk of airborne diseases.
- The Association has a certain security inventory of semen.

#### Events after the balance sheet date

No post balance sheet events have occurred which could materially affect the assessment of the Association's financial position.

#### Branches

VikingGenetics F.M.B.A. has a branch in Sweden, VikingGenetics F.M.B.A. filial Danmark located in Skara.

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Income statement

EUR'000	Note	Group		Parent Association	
		2021	2020	2021	2020
<b>Revenue</b>		34,475	33,407	31,707	31,054
Costs of sales		-24,420	-16,148	-27,486	-18,562
Other operating income		2,222	2,091	1,822	2,136
Other external costs		<u>-7,532</u>	<u>-5,617</u>	<u>-6,516</u>	<u>-4,688</u>
<b>Gross profit/loss</b>		4,745	13,733	-473	9,940
Staff costs	2	-11,811	-10,964	-8,190	-7,975
Depreciation, amortisation and impairment losses	3	<u>-2,661</u>	<u>-2,313</u>	<u>-1,509</u>	<u>-1,799</u>
<b>Profit/loss before financial income and expenses</b>		-9,727	456	-10,172	166
Income from equity investments in group entities		0	0	268	357
Income from equity investments in associates		46	18	46	18
Other financial income	4	426	19	384	33
Other financial expenses	5	<u>-54</u>	<u>-332</u>	<u>-42</u>	<u>-480</u>
<b>Profit/loss before tax</b>		-9,309	161	-9,516	94
Tax on profit/loss for the year	6	<u>-212</u>	<u>-61</u>	<u>-5</u>	<u>6</u>
<b>Profit/loss for the year</b>	7	<u><u>-9,521</u></u>	<u><u>100</u></u>	<u><u>-9,521</u></u>	<u><u>100</u></u>

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Balance sheet

EUR'000	Note	Group		Parent Association	
		31/12 2021	31/12 2020	31/12 2021	31/12 2020
<b>ASSETS</b>					
<b>Fixed assets</b>					
<b>Intangible assets</b>	8				
Acquired intangible assets		465	409	456	404
<b>Property, plant and equipment</b>	9				
Land and buildings		11,463	16,254	8,182	11,918
Fixtures and fittings, tools and equipment		2,630	3,444	2,301	3,076
		<u>14,093</u>	<u>19,698</u>	<u>10,483</u>	<u>14,994</u>
<b>Investments</b>	10				
Equity investments in group entities		0	0	12,679	12,461
Equity investments in associates		171	147	171	125
Other securities and equity investments		123	125	72	73
		<u>294</u>	<u>272</u>	<u>12,922</u>	<u>12,659</u>
<b>Total fixed assets</b>		<u>14,852</u>	<u>20,379</u>	<u>23,861</u>	<u>28,057</u>
<b>Current assets</b>					
<b>Inventories</b>					
Finished goods and goods for resale		5,047	12,121	4,667	11,378
<b>Receivables</b>					
Trade receivables		7,458	6,588	6,855	5,916
Receivables from associates		1,321	944	1,304	927
Other receivables		67	213	43	193
Receivables from participating interests		3,362	0	3,362	0
Corporation tax		17	57	14	14
Prepayments		176	113	117	53
		<u>12,401</u>	<u>7,915</u>	<u>11,695</u>	<u>7,103</u>
<b>Cash at bank and in hand</b>		<u>5,910</u>	<u>9,398</u>	<u>2,986</u>	<u>6,962</u>
<b>Total current assets</b>		<u>23,358</u>	<u>29,434</u>	<u>19,348</u>	<u>25,443</u>
<b>TOTAL ASSETS</b>		<u><u>38,210</u></u>	<u><u>49,813</u></u>	<u><u>43,209</u></u>	<u><u>53,500</u></u>

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Balance sheet

EUR'000	Note	Group		Parent Association	
		31/12 2021	31/12 2020	31/12 2021	31/12 2020
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Contributed capital		52,788	52,788	52,788	52,788
Retained earnings		-18,255	-8,513	-18,255	-8,513
<b>Total equity</b>		<b>34,533</b>	<b>44,275</b>	<b>34,533</b>	<b>44,275</b>
<b>Provisions</b>					
	11				
Provisions for deferred tax		0	5	34	63
<b>Total provisions</b>		<b>0</b>	<b>5</b>	<b>34</b>	<b>63</b>
<b>Liabilities other than provisions</b>					
<b>Current liabilities other than provisions</b>					
Trade payables		1,692	1,464	1,299	1,109
Payables to group entities		0	0	5,562	4,092
Payables to associates		99	670	78	647
Other payables		1,886	3,399	1,703	3,314
		<b>3,677</b>	<b>5,533</b>	<b>8,642</b>	<b>9,162</b>
<b>Total liabilities other than provisions</b>		<b>3,677</b>	<b>5,533</b>	<b>8,642</b>	<b>9,162</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>38,210</b>	<b>49,813</b>	<b>43,209</b>	<b>53,500</b>
<b>Contractual obligations, contingencies, etc.</b>					
	12				
<b>Related party disclosures</b>	13				

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Statement of changes in equity

EUR'000	Group		
	Contributed capital	Retained earnings	Total
Equity at 1 January 2021	52,788	-8,513	44,275
Exchange adjustment	0	-221	-221
Transferred over the distribution of profit/loss	0	-9,521	-9,521
<b>Equity at 31 December 2021</b>	<b>52,788</b>	<b>-18,255</b>	<b>34,533</b>

EUR'000	Parent Association		
	Contributed capital	Retained earnings	Total
Equity at 1 January 2021	52,788	-8,513	44,275
Exchange adjustment	0	-221	-221
Transferred over the distribution of profit/loss	0	-9,521	-9,521
<b>Equity at 31 December 2021</b>	<b>52,788</b>	<b>-18,255</b>	<b>34,533</b>

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Cash flow statement

EUR'000	Note	Group	
		2021	2020
Profit/loss for the year		-9,521	100
Adjustment	14	2,446	2,644
Cash flows from operations before changes in working capital		-7,075	2,744
Changes in working capital	15	4,094	1,727
Cash flows from ordinary activities		-2,981	4,471
Interest income		426	19
Interest expense		-54	-332
Corporation tax paid		-172	71
<b>Cash flows from operating activities</b>		<b>-2,781</b>	<b>4,229</b>
Acquisition of intangible assets		-270	-298
Acquisition of property, plant and equipment		-691	-609
Disposal of property, plant and equipment		3,777	28
Disposal of financial assets		24	9
<b>Cash flows from investing activities</b>		<b>2,840</b>	<b>-870</b>
Loan to participating interests		-3,362	0
<b>Cash flows from financing activities</b>		<b>-3,362</b>	<b>0</b>
<b>Cash flows for the year</b>		<b>-3,303</b>	<b>3,359</b>
Cash and cash equivalents at the beginning of the year		9,398	5,886
Exchange rate adjustment		-185	153
<b>Cash and cash equivalents at year-end</b>		<b>5,910</b>	<b>9,398</b>

# Consolidated financial statements and parent association financial statements 1 January – 31 December

## Notes

### 1 Accounting policies

The annual report of VikingGenetics F.M.B.A for 2021 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the consolidated financial statements and parent association financial statements are consistent with those of last year.

### Consolidated financial statements

The consolidated financial statements comprise the Parent Association, and subsidiaries in which directly or indirectly holds more than 50% of the votes or in some other way exercises control over. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates. A group chart is included on page.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

### Business combinations

When acquiring new entities, the purchase method is applied under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquirer at the acquisition date that are not a part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring that is adopted after the acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

Newly acquired or newly established entities are recognised in the consolidated financial statements at the date of acquisition or establishment. Divested or wound-up entities are recognised in the consolidated income statement up to the date of divestment or winding-up. Comparative figures are not restated to reflect acquisitions, divestments or windings-up.

The uniting-of-interests method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Association. The uniting of interests is considered to have been completed at the date of the acquisition without restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.



## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

##### Income statement

###### Revenue

Income from the sale of goods, primarily comprising the sale of semen, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

###### Cost of sales

Changes to inventory of stocks of finished goods and cost of sales comprise costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale.

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Other operating income

Other operating income comprises items secondary to the activities of the Association.

##### Other external costs

Other external costs comprise items secondary to the activities of the Group. Other operating costs include costs related to distribution, sale, advertising, administration, premises, bad debts, etc.

##### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Association's employees, net of refunds made by public authorities.

##### Income from equity investments in group entities and associates

The proportionate share of the individual group entity's profit/loss after tax is recognised in the Parent Association's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

The proportionate share of the individual associates' profit/loss after tax is recognised in the Parent Association's income statement after elimination of a proportionate share of intra-group gains/losses and amortisation of goodwill.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

##### Tax on profit/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

# Consolidated financial statements and parent association financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

#### Balance sheet

##### Intangible assets

###### *Acquired intangible assets*

Intangible assets comprise software and licences. Software and licences are measured at cost less accumulated amortisation. Software and licences are amortised over the remaining licence term, however, not exceeding 7 years.

Development costs and internally generated rights are expensed in the income statement in the year of acquisition.

The useful life and residual value are reassessed annually. Changes are accounted for as accounting estimates, and the effect on depreciation is recognised prospectively.

##### Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	20-30 years
Fixtures and fittings, tools and equipment	3-10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

# Consolidated financial statements and parent association financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

#### Investments in group entities and associates

Equity investments in group entities are measured at the proportionate share of the group entity's net asset value calculated in accordance with the Group's accounting policies with deduction or addition of unrealised gains and losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Both in the Group and the Parent Association, equity investments in associates are measured at the proportionate share of the associates' net asset value calculated in accordance with the Group's accounting policies with deduction or addition of unrealised gains and losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments with negative net asset values are measured at EUR 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Parent Association has a legal or constructive obligation to cover a negative balance exceeding the receivable, the residual amount is recognised as provisions.

#### Other securities and equity investments

Other securities and equity investments included in investment comprise unlisted shares that Management considers investment securities. The equity investments are measured at cost.

#### Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to effect the sale and is determined taking into account marketability, obsolescence and development in projected selling price.

The cost of finished goods includes the cost of raw materials, consumables, direct labour and indirect production overheads..

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other costs directly attributable to the acquisition.

#### Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Association's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

#### Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

#### Equity

##### *Dividends*

The expected dividends payment for the year is disclosed as a separate item under equity.

##### *Net revaluation reserve according to the equity method*

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in subsidiaries and associates in proportion to cost.

Dividends that are expected to be received before the balance sheet date are not tied to the reserve.

The reserve can be eliminated in case of loss, realisation of equity investments or changes to accounting estimates.

The reserve cannot be recognised at a negative amount.

# Consolidated financial statements and parent association financial statements 1 January – 31 December

## Notes

### 1 Accounting policies (continued)

#### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

#### Liabilities other than provisions

Other liabilities are measured at net realisable value.

#### Cash flow statement

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

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

#### Cash flows from operating activities

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

#### Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Association's contributed capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividend to owners.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Notes

#### 2 Staff costs

EUR'000	Group		Parent Association	
	2021	2020	2021	2020
Wages and salaries	9,470	9,015	6,710	6,749
Pensions	1,159	1,118	1,015	854
Other social security costs	650	419	130	92
Other staff costs	532	412	335	280
	<u>11,811</u>	<u>10,964</u>	<u>8,190</u>	<u>7,975</u>
Average number of full-time employees	<u>165</u>	<u>158</u>	<u>104</u>	<u>99</u>

In accordance with section 98b(3) of the Danish Financial Statements Act, remuneration of the Parent Association's Executive Board and the Parent Association's Board of Directors is presented as an aggregate single amount.

Staff costs of the Group and the Parent Association include remuneration of the Parent Association's Executive Board and Parent Association's Board of Directors, EUR 298 thousand (2020: EUR 261 thousand).

EUR'000	Group		Parent Association	
	2021	2020	2021	2020
Amortisation of intangible assets	216	181	202	181
Depreciation of property, plant and equipment	1,782	2,132	1,307	1,618
Impairment of property, plant and equipment	663	0	0	0
	<u>2,661</u>	<u>2,313</u>	<u>1,509</u>	<u>1,799</u>

#### 3 Depreciation, amortisation and impairment losses

#### 4 Other financial income

Interest income from group entities	0	0	0	17
Other financial income	426	19	384	16
	<u>426</u>	<u>19</u>	<u>384</u>	<u>33</u>

#### 5 Other financial expenses

Interest expense to group entities	0	0	0	158
Other financial costs	54	332	42	322
	<u>54</u>	<u>332</u>	<u>42</u>	<u>480</u>



## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Notes

EUR'000	Group		Parent Association	
	2021	2020	2021	2020
<b>6 Tax on profit/loss for the year</b>				
Current tax for the year	217	27	34	0
Deferred tax for the year	-5	128	-29	-6
Adjustment of tax concerning previous years	0	-94	0	0
	<u>212</u>	<u>61</u>	<u>5</u>	<u>-6</u>
<b>7 Proposed profit appropriation/ distribution of loss</b>				
Retained earnings	<u>-9,521</u>	<u>100</u>	<u>-9,521</u>	<u>100</u>

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Notes

#### 8 Intangible assets

	Group
EUR'000	Acquired patents
Cost at 1 January 2021	2,550
Exchange rate adjustment	3
Additions for the year	270
Cost at 31 December 2021	2,823
Amortisation and impairment losses at 1 January 2021	-2,141
Exchange rate adjustment	-1
Amortisation for the year	-216
Amortisation and impairment losses at 31 December 2021	-2,358
<b>Carrying amount at 31 December 2021</b>	<b>465</b>

  

	Parent Association
EUR'000	Acquired patents
Cost at 1 January 2021	2,540
Exchange rate adjustment	1
Additions for the year	253
Cost at 31 December 2021	2,794
Amortisation and impairment losses at 1 January 2021	-2,136
Amortisation for the year	-202
Amortisation and impairment losses at 31 December 2021	-2,338
<b>Carrying amount at 31 December 2021</b>	<b>456</b>

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Notes

#### 9 Property, plant and equipment

EUR'000	Group		
	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2021	30,384	13,610	43,994
Exchange rate adjustment	-86	-4	-90
Additions for the year	333	358	691
Disposals for the year	-4,694	-453	-5,147
Cost at 31 December 2021	25,937	13,511	39,448
Depreciation and impairment losses at 1 January 2021	-14,130	-10,166	-24,296
Exchange rate adjustment	14	2	16
Impairment losses for the year	-663	0	-663
Depreciation for the year	-767	-1,015	-1,782
Depreciation and impairment losses for the year on assets sold	1,072	298	1,370
Depreciation and impairment losses at 31 December 2021	-14,474	-10,881	-25,355
<b>Carrying amount at 31 December 2021</b>	<b>11,463</b>	<b>2,630</b>	<b>14,093</b>

  

EUR'000	Parent Association		
	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2021	18,414	10,471	28,885
Exchange rate adjustment	-15	2	-13
Additions for the year	201	326	527
Disposals for the year	-4,624	-448	-5,072
Cost at 31 December 2021	13,976	10,351	24,327
Depreciation and impairment losses at 1 January 2021	-6,496	-7,395	-13,891
Exchange rate adjustment	14	-2	12
Depreciation for the year	-360	-947	-1,307
Depreciation and impairment losses for the year on assets sold	1,048	294	1,342
Depreciation and impairment losses at 31 December 2021	-5,794	-8,050	-13,844
<b>Carrying amount at 31 December 2021</b>	<b>8,182</b>	<b>2,301</b>	<b>10,483</b>

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Notes

#### 10 Investments

EUR'000	Group		
	Equity investments in associates	Other securities and equity investments	Total
Cost at 1 January 2021	81	149	230
Disposals for the year	-54	0	-54
Cost at 31 December 2021	27	149	176
Revaluations at 1 January 2021	66	-24	42
Exchange adjustment	0	-2	-2
Net profit/loss for the year	46	0	46
Disposals for the year	32	0	32
Revaluations 31 December 2021	144	-26	118
<b>Carrying amount at 31 December 2021</b>	<b>171</b>	<b>123</b>	<b>294</b>

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Notes

EUR'000	Parent Association			
	Equity investments in group entities	Equity investments in associates	Other securities and equity investments	Total
Cost at 1 January 2021	20,746	27	101	20,874
Exchange adjustment	-160	0	0	-160
Cost at 31 December 2021	20,586	27	101	20,714
Revaluations at 1 January 2021	-8,285	98	-28	-8,215
Exchange adjustment	110	0	-1	109
Net profit/loss for the year	268	46	0	314
Revaluations 31 December 2021	-7,907	144	-29	-7,792
<b>Carrying amount at 31 December 2021</b>	<b>12,679</b>	<b>171</b>	<b>72</b>	<b>12,922</b>

Name	Registered office	Voting rights and ownership interest
VikingGenetics Sweden AB	Skara, Sweden	100%
VikingGenetics International AB	Skara, Sweden	100%
VikingGenetics Finland Oy AB	Hollola, Tallangatta, Finland	100%
VikingGenetics Australia Pty Ltd.	Victoria, Australia	100%
VikingGenetics UK Ltd.	Wiltshire, United Kingdom	100%
VikingGenetics Deutschland GmbH	Hamburg, Germany	100%
Associates		
ProCross ApS	Randers, Denmark	50%

### 11 Provisions for deferred tax

EUR'000	Group		Parent Association	
	31/12 2021	31/12 2020	31/12 2021	31/12 2020
Deferred tax at 1 January	5	133	63	67
Exchange rate adjustment	0	0	0	-10
Adjustments during the year	-5	-128	-29	6
	0	5	34	63

## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Notes

#### **12 Contractual obligations, contingencies, etc.**

##### **Contingent liabilities**

The association is liable to withhold tax on purchase payment under certain conditions. The assessment is complex and in given situation there can be a risk of the association can be liable for the withholding tax.

#### **13 Related party disclosures**

VikingGenetics F.M.B.A' related parties comprise the following:

##### **Owners that do not exercise control**

- VikingDanmark F.M.B.A, Denmark
- Växa Sverige Ekonomisk Förening, Sweden
- FABA Osk, Finland

##### **Fully-owned subsidiaries**

- VikingGenetics Sweden AB, Sweden
- VikingGenetics International AB, Sweden
- VikingGenetics Finland Oy, Finland
- VikingGenetics Australia Pty Ltd., Australia
- VikingGenetics UK Ltd., United Kingdom
- VikingGenetics Deutschland GmbH, Germany

##### **Associates**

- ProCross ApS, Denmark

##### **Management**

- Executive Board
- Board of Directors



## Consolidated financial statements and parent association financial statements 1 January – 31 December

### Notes

#### 15 Change in working capital

EUR'000	Group	
	2021	2020
Change in inventories	7,075	-337
Change in receivables	-1,124	327
Change in prepayments and trade and other payables	-1,857	1,737
	<u>4,094</u>	<u>1,727</u>



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## Brian Lang

### CEO

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## Anders Levring

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Board member

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## Lars Inge Gunnarsson

Chairman

On behalf of: Board

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## Henrik Graversen

Chairman of the General Annual Meeting 20th April 2022

On behalf of: Delegates in the Annual Meeting 2022

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State Authorised Public Accountant

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## Katrine Gybel

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