

VikingGenetics F.M.B.A.

Ebeltoftvej 16
DK-8960 Randers SØ

CVR no. 31 47 45 74

Annual report 2023

The annual report was presented and approved at
the meeting of the Association's Council of
Representatives

on 17 April 2024

Chairman of the Council of Representatives

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of VikingGenetics F.M.B.A. 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 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 2023 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 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Association's activities and financial matters, of the results for the year and of the Group's and the Parent Association's financial position.

We recommend that the annual report be approved at the meeting of the Council of Representatives.

Randers, 19 March 2024
Executive Board:

Louise Helmer

Board of Directors:

Anders Levring

Peder Wulff Jacobsen

Asger Ladefoged

Henricus Johannes Maria
van Heesch

Andreas Karl Vilhelm
Johansson

Jari Petteri Lopenen

Anders Lennart Ramström

Karl Christian Bengtsson

Anna Elisabeth
Samuelsson



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

Basis for opinion

We conducted our audit in accordance with International Standard 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 Parent 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 taken 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 the 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 in-adequate, 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 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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 19 March 2024

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 2023
CVR no. 31 47 45 74

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

Anders Levring
Peder Wulff Jacobsen
Asger Ladefoged
Henricus Johannes Maria van Heesch
Andreas Karl Vilhelm Johansson
Jari Petteri Loponen
Anders Lennart Ramström
Karl Christian Bengtsson
Anna Elisabeth Samuelsson

Executive Board

Louise Helmer

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	2023	2022	2021	2020	2019
Revenue	35,252	34,777	34,475	33,407	31,957
Gross profit	14,091	13,390	4,213	13,321	12,297
EBITDA	2,487	2,417	-7,066	2,769	2,079
Operating profit/loss	464	579	-9,727	456	-3
Profit/loss from financial income and expenses	311	-159	372	-313	-3
Profit/loss for the year	658	363	-9,521	100	-89
Total assets	40,058	39,157	38,210	49,813	47,748
Equity	35,044	34,587	34,533	44,275	43,818
Investments in property, plant and equipment	1,106	2,916	691	609	3,440
Return on invested capital	1.2%	1.5%	-22.1%	0.9%	0.0%
Current ratio	499.0%	506.6%	635.2%	532.0%	682.5%
Return on equity	1.89%	0.83%	-24.0%	0.2%	-0.2%
Solvency ratio	87.5%	88.3%	90.4%	88.9%	91.8%
Average number of full-time employees	161	163	165	158	153

The financial ratios have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit/loss} \times 100}{\text{Average assets}}$
Current ratio	$\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$
Return on equity	$\frac{\text{Profit after tax} \times 100}{\text{Average equity}}$
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

The Group's principal activities

VikingGenetics F.M.B.A is an association between Nordic cattle farmers in Denmark, Sweden, and Finland. The Association's activity primarily includes sustainable genetic development and production of bull-semen, both conventional and sexed semen, embryos, and related services to the ultimate owners in Denmark, Sweden, and Finland. In addition, the Association carries out export of both semen and embryos to foreign customers through subsidiaries in UK, Germany, Australia, and USA, and especially through several agents and distributors throughout the world.

Financial performance

In the year under review, VikingGenetics F.M.B.A. sold semen to the three members: VikingDanmark, Växa and Faba. In addition, VikingGenetics F.M.B.A. sold semen to its subsidiaries: VikingGenetics Australia Pty Ltd., VikingGenetics UK Ltd. and VikingGenetics Deutschland GmbH., as well as to ProCross ApS, which is an associate of VikingGenetics F.M.B.A. through 50% ownership, with Coopex in France as the other owner. The sales activities in ProCross ApS are insured to respectively VikingGenetics and Coopex by September 2023.

The Group VikingGenetics F.M.B.A.'s total revenue was EUR 35.3 million, an increase from 2022 of EUR 0.5 million. The Group reported a profit before tax for the year of EUR 775 thousand whereas net results for the year were EUR 658 thousand.

Profit before tax for the year of EUR 775 thousand was EUR 343 thousand up on 2022. Investments have and will still be made in the aim of increasing possibilities for genomic selection, and there are still high expectations for the further development thereof. Moreover, investments in Supply Chain, People, Competences and especially Digitalisation of data and processes are continuously made with the purpose of improving business performance.

Overall results are considered satisfactory. Realised revenue was in line with expectations from last year, and EBIT was higher than expected due to improved gross profit.

Outlook

2024 is expected to deliver higher sales of semen compared to 2023. Budgeted revenue for 2024 represents EUR 38.6 million and is EUR 3.3 million up on 2023. Expected EBIT level for 2024 accounts for -1% of revenue based on higher revenue and even higher continuous and extraordinary investments in the business. The extraordinary investment relates to construction of an embryo facility with a Doner station and new lab in Assentoft, Denmark, incl. building up complementary competences. In a more continuous investment perspective, especially an extended bull program for the Beef x Dairy will drive costs.

Besides that, the Association still considers it a very important and an absolutely necessary task for a genetic development association of today to participate in research, and VikingGenetics provides substantial annual contributions towards this purpose. It has already been decided to speed up investment in our unique CFIT system, and at the same time both complimentary and stand-alone extend the Methan R&D focus, as it is crucial to the bovine industry. Finally, new Bio Tech Research & Development actions will also require extra investments. None of the research projects are carried out solely in VikingGenetics, but as part of networks, both internally in our home market counties and externally, especially within the EuroGenomics countries. The year will therefore naturally also require a strong focus on reaching out to new partners and, together with them and the existing R&D network, drive an even higher development speed.

In 2024, VikingGenetics will also drive a cost focus and an even more customised focus on the Bull Portfolio, with special focus on the amount of Proven Bulls and Customized Trait-profiles.

Management's review

Operating review

In relation to export sales, the new strategy with more emphasis on Value for the Customer in our sales and the internal connection and collaboration with our breeding experts will be driver for change and in the longer run a much higher export. For 2024 though, this will still require changes in focus and prioritisation on different export markets. For our new subsidiary in the USA, we have high expectations going forward, with 2024 as a starting point.

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 operation according to current EU and national laws. Even though the Association conducts its operation in accordance with relevant legislation, pollution of land can still happen. For 2023, we are in process of calculating our CO²-e baseline for full production in Finland and Denmark. This will be the baseline to be used in our first ESG report in Fall 2024.

Particular risks

Operating risks

The most important operating risk of the Association is animal diseases as this will influence the possibility to sell semen in various countries. In order to reduce the risk, the Association has taken the following precautions:

- The Association has, to the extent possible, acquired neighbour farms to reduce the risk of airborne diseases.
- The Association has a high level of security inventory of semen, particularly for the Home Markets, and the most important export markets.

Post balance sheet events

In 2024, VikingGenetics Sweden AB sold the facilities located in Örsro, Skara.

Branches

VikingGenetics F.M.B.A. has a branch in Sweden, VikingGenetics F.M.B.A. filial Danmark located in Skara. In 2023, the branch sold its facilities in Falkenberg and does not contain activities for now.

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

Income statement

EUR'000	Note	Group		Parent Association	
		2023	2022	2023	2022
Revenue		35,252	34,777	32,174	31,579
Cost of sales		-16,333	-16,566	-18,620	-18,691
Other operating income		2,403	2,317	2,252	2,381
Other external costs		-7,231	-7,138	-5,859	-5,983
Gross profit		14,091	13,390	9,947	9,286
Staff costs	2	-11,604	-10,973	-8,523	-7,819
Depreciation, amortisation and impairment losses	3	-2,023	-1,838	-1,604	-1,442
Profit/loss before financial income and expenses		464	579	-180	25
Income from equity investments in group entities		0	0	523	195
Income from equity investments in associates		0	12	0	12
Financial income	4	311	56	315	38
Financial expenses	5	0	-215	0	-195
Profit before tax		775	432	658	363
Tax on profit for the year	6	-117	-69	0	0
Profit for the year	7	658	363	658	363

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

Balance sheet

EUR'000	Note	Group		Parent Association	
		2023	2022	2023	2022
ASSETS					
Fixed assets					
Intangible assets					
	8				
Acquired intangible assets		592	529	523	467
Property, plant and equipment					
	9				
Land and buildings		10,112	10,839	7,506	7,932
Fixtures and fittings, tools and equipment		4,055	4,444	3,595	4,149
		14,167	15,283	11,101	12,081
Investments					
	10				
Equity investments in group entities		0	0	4,503	7,605
Equity investments in associates		153	183	153	183
Other securities and equity investments		126	121	76	72
		279	304	4,732	7,860
Total fixed assets		15,038	16,116	16,356	20,408
Current assets					
Inventories					
Finished goods and goods for resale		6,469	5,800	5,999	5,729
Receivables					
Trade receivables		10,799	7,666	10,106	6,931
Receivables from group entities		0	0	2,027	247
Receivables from associates		821	906	821	898
Other receivables		57	69	66	38
Loan from participating interests		0	3,362	0	3,362
Deferred tax asset		4	0	0	0
Corporation tax		0	40	0	14
Prepayments		142	116	67	80
		11,823	12,159	13,087	11,570
Cash at bank and in hand		6,728	5,082	5,328	4,030
Total current assets		25,020	23,041	24,414	21,329
TOTAL ASSETS		40,058	39,157	40,770	41,737

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

Balance sheet

EUR'000	Note	Group		Parent Association	
		2023	2022	2023	2022
EQUITY AND LIABILITIES					
Equity					
Contributed capital		52,788	52,788	52,788	52,788
Retained earnings		-17,744	-18,201	-17,744	-18,201
Total equity		35,044	34,587	35,044	34,587
Provisions					
Provisions for deferred tax	11	0	23	0	34
Total provisions		0	23	0	34
Liabilities other than provisions					
Current liabilities other than provisions					
Trade payables		2,441	2,198	2,139	1,836
Payables to group entities		0	0	1,615	3,614
Payables to associates		4	127	4	105
Corporation tax		53	0	91	0
Other payables		2,516	2,222	1,877	1,561
		5,014	4,547	5,726	7,116
Total liabilities other than provisions		5,014	4,547	5,726	7,116
TOTAL EQUITY AND LIABILITIES		40,058	39,157	40,770	41,737
Contractual obligations, contingencies, etc.					
	12				
Related parties	13				

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

Statement of changes in equity

EUR'000	Group		
	Contri- buted capital	Retained earnings	Total
Equity at 1 January 2023	52,788	-18,201	34,587
Profit for the year	0	658	658
Exchange rate adjustment	0	-201	-201
Equity at 31 December 2023	<u>52,788</u>	<u>-17,744</u>	<u>35,044</u>

EUR'000	Parent Association		
	Contri- buted capital	Retained earnings	Total
Equity at 1 January 2023	52,788	-18,201	34,587
Profit for the year	0	658	658
Exchange rate adjustment	0	-201	-201
Equity at 31 December 2023	<u>52,788</u>	<u>-17,744</u>	<u>35,044</u>

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

Cash flow statement

EUR'000	Note	Group	
		2023	2022
Profit/loss for the year		658	363
Adjustments	14	2,440	1,913
Cash flows from operations before changes in working capital		3,098	2,276
Changes in working capital	15	-4,130	360
Cash flows from ordinary activities		-1,032	2,636
Interest income		311	56
Interest expense		0	-215
Corporation tax paid		-25	-92
Cash flows from operating activities		-746	2,385
Acquisition of intangible assets		-350	-280
Acquisition of property, plant and equipment		-1,106	-2,916
Disposal of intangible assets		0	5
Disposal of property, plant and equipment		346	0
Disposal of financial assets		0	0
Cash flows from investing activities		-1,110	-3,191
Repayment of receivables from group entities		3,362	0
Cash flows from financing activities		3,362	0
Cash flows for the year		1,506	-807
Cash and cash equivalents at the beginning of the year		5,082	5,910
Exchange rate adjustment		140	-21
Cash and cash equivalents at year-end		6,728	5,082

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 2023 has been presented 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.

Reclassifications have been made to comparative figures without any impact on income statement or equity.

Consolidated financial statements

The consolidated financial statements comprise the Parent Association, VikingGenetics F.M.B.A., and entities in which VikingGenetics F.M.B.A. directly or indirectly holds more than 50% of the votes or in some other way exercises control. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates.

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.

Equity investments in group entities are set off against the proportionate share of the group entities' fair value of net assets and liabilities at the date of acquisition.

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 group entities and associates which are independent entities, the income statements are translated into EUR 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 group entities' 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 group entities considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans with foreign group entities are recognised directly in equity.

Upon recognition of foreign group entities which 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.

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

Notes

1 Accounting policies (continued)

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 and rebates granted are recognised in revenue.

Cost of sales

Changes to the inventory 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.

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.

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

Notes

1 Accounting policies (continued)

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.

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 amortisation is recognised prospectively.

Property, plant and equipment

Land and buildings 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 external 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 investments 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.

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

Notes

1 Accounting policies (continued)

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.

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 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 is used as discount rate.

Prepayments

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

Equity

Dividends

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

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

Notes

1 Accounting policies (continued)

Net revaluation reserve according to the equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in group entities 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 reserves may be eliminated in connection with loss, realisation of equity investments or changes in accounting estimates.

The reserves cannot be recognised at a negative amount.

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 according to 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 due to changes in the tax rate are recognised in the income statement.

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.

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

Notes

1 Accounting policies (continued)

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.

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 dividends 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	
	2023	2022	2023	2022
Wages/salaries	9,816	9,191	7,278	6,634
Pensions	1,224	1,202	1,101	1,055
Other social security costs	564	580	144	130
	<u>11,604</u>	<u>10,973</u>	<u>8,523</u>	<u>7,819</u>
Average number of full-time employees	<u>161</u>	<u>163</u>	<u>114</u>	<u>109</u>

For 2023, according to section 98b (3) of the Danish Financial Statements Act, remuneration of the Parent Association's Executive Board and Board of Directors has been presented as a total amount of EUR 351 thousand (2022: EUR 266 thousand).

EUR'000	Group		Parent Association	
	2023	2022	2023	2022
3 Depreciation, amortisation and impairment losses				
Amortisation of intangible assets	286	212	269	205
Depreciation of property, plant and equipment	1,737	1,626	1,335	1,237
	<u>2,023</u>	<u>1,838</u>	<u>1,604</u>	<u>1,442</u>
4 Financial income				
Other financial income	<u>311</u>	<u>56</u>	<u>315</u>	<u>38</u>
5 Financial expenses				
Other financial expenses	<u>0</u>	<u>215</u>	<u>0</u>	<u>195</u>

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

Notes

EUR'000	Group		Parent Association	
	2023	2022	2023	2022
6 Tax on profit for the year				
Current tax for the year	-120	-46	0	0
Deferred tax adjustments during the year	3	-23	0	0
	<u>-117</u>	<u>-69</u>	<u>0</u>	<u>0</u>
7 Proposed profit appropriation				
Retained earnings	<u>658</u>	<u>363</u>	<u>658</u>	<u>363</u>
8 Intangible assets				
			Acquired intangible assets	
			Group	Parent Association
EUR'000				
Cost at 1 January 2023			3,098	3,011
Exchange rate adjustment			1	0
Additions for the year			350	326
Cost at 31 December 2023			<u>3,449</u>	<u>3,337</u>
Impairment losses and amortisation at 1 January 2023			-2,569	-2,543
Exchange rate adjustment			-2	-2
Amortisation for the year			-286	-269
Amortisation of disposals for the year			0	0
Impairment losses and amortisation at 31 December 2023			<u>-2,857</u>	<u>-2,814</u>
Carrying amount at 31 December 2023			<u>592</u>	<u>523</u>

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 equip- ment	Total
Cost at 1 January 2023	25,815	16,234	42,049
Exchange rate adjustment	-283	-10	-293
Additions for the year	300	806	1106
Disposals during the year	-80	-266	-346
Cost at 31 December 2023	25,752	16,764	42,516
Impairment losses and depreciation at 1 January 2023	-14,976	-11,790	-26,766
Exchange rate adjustment	-14	-2	-16
Depreciation for the year	-650	-1,086	-1,736
Depreciation of and impairment losses on disposals during the year	0	169	169
Impairment losses and depreciation at 31 December 2023	-15,640	-12,709	-28,349
Carrying amount at 31 December 2023	10,112	4,055	14,167

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

Notes

9 Property, plant and equipment (continued)

EUR'000	Parent Association		
	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2023	14,094	13,065	27,159
Exchange rate adjustment	-318	-6	-324
Additions for the year	300	527	827
Disposals during the year	-80	-230	-310
Cost at 31 December 2023	13,996	13,356	27,352
Impairment losses and depreciation at 1 January 2023	-6,162	-8,917	-15,079
Exchange adjustment	-4	-2	-6
Depreciation for the year	-324	-1,011	-1,335
Depreciation of and impairment losses on disposals during the year	0	169	0
Impairment losses and depreciation at 31 December 2023	-6,490	-9,761	-16,251
Carrying amount at 31 December 2023	7,506	3,595	11,101

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

Notes

10 Investments

EUR'000	Group		
	Equity invest-ments in associa-tes	Other securities and invest-ments	Total
Cost at 1 January 2023	27	149	176
Cost at 31 December 2023	27	149	176
Value adjustments at 1 January 2023	156	-28	128
Exchange rate adjustment	-23	-30	-53
Share of the profit/loss for the year	-7	5	-2
Value adjustments at 31 December 2023	126	-23	73
Carrying amount at 31 December 2023	153	126	279

EUR'000	Parent Association			
	Equity invest-ments in group entities	Equity invest-ments in associa-tes	Other securities and equity invest-ments	Total
Cost at 1 January 2023	19,944	27	101	20,072
Exchange rate adjustment	9	0	0	9
Disposal for the year	0	0	0	0
Cost at 31 December 2023	19,953	27	101	20,081
Value adjustment at 1 January 2023	-12,339	156	-29	-12,212
Exchange rate adjustment	-6	-23	0	-36
Share of the profit/loss for the year	526	-7	4	523
Dividends distributed	-3,632	0	0	-3,632
Value adjustment at 31 December 2023	-15,451	126	-25	-15,350
Carrying amount at 31 December 2023	4,503	153	76	4,732

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

Notes

10 Investments (continued)

EUR'000	Registered office	Voting rights and ownership interest
Group entities		
VikingGenetics Sweden AB	Skara, Sweden	100%
VikingGenetics Finland Oy AB	Hollola, Finland	100%
VikingGenetics Australia Pty Ltd.	Wodonga, Victoria, Australia	100%
VikingGenetics UK Ltd.	Wiltshire, United Kingdom	100%
VikingGenetics Deutschland GmbH	Hamburg, Germany	100%
VikingGenetics US Ltd.	Naperville, United States	100%
Associates		
ProCross ApS	Randers, Denmark	50%

11 Provisions for deferred tax

EUR'000	Group		Parent Association	
	2023	2022	2023	2022
Deferred tax at 1 January	23	0	34	34
Adjustments during the year	-19	23	-34	0
	<u>4</u>	<u>23</u>	<u>0</u>	<u>34</u>

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 payments under certain conditions. The assessment is complex, and in given situations there can be a risk that the Association can be liable for withholding tax.

Operating lease obligations

The Association has entered into operating leases with a remaining term of 3-20 months and total lease payments of EUR 38 thousand during the period.

13 Related parties

VikingGenetics F.M.B.A.'s 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 Finland Oy, Finland
- VikingGenetics Australia Pty Ltd., Australia
- VikingGenetics UK Ltd., United Kingdom
- VikingGenetics Deutschland GmbH, Germany
- VikingGenetics US Ltd., United States.

Associates

- ProCross ApS, Denmark.

Management

- Executive Board
- Board of Directors.

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

Notes

13 Related parties (continued)

Related party transactions

Group

EUR'000	Group	Parent Association
Transactions with participating associations:		
Sale of goods	25,304	25,304
Miscellaneous income from services and consumables	680	531
Financial income	2	2
Purchase of goods and miscellaneous costs from services and consumables	-948	-597
	<u>25,038</u>	<u>25,240</u>
Transactions with associates:		
Sale of goods	653	653
Miscellaneous income from services and consumables	30	-15
Purchase of goods and miscellaneous costs from services and consumables	-551	-414
	<u>132</u>	<u>224</u>

Remuneration of the Executive Board and Board of Directors is disclosed in note 2.

Receivables and payables to associates are disclosed in the balance sheet.

Parent Association

The Parent Association has chosen not to disclose transactions with 100% owned subsidiaries in accordance with section 98c(3) of the Danish Financial Statements Act.

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

Notes

EUR'000	Group	
	2023	2022
14 Adjustments		
Amortisation/depreciation and impairment losses and gain/loss on sale of fixed assets	2,022	1,838
Income from investments in associates	30	-12
Financial income	-311	-56
Financial expenses	0	215
Tax for the year	117	69
Change in provisions	-27	0
Other adjustments	609	-141
	<u>2,440</u>	<u>1,913</u>
15 Changes in working capital		
Change in inventories	-669	-753
Change in receivables	-3,875	242
Change in prepayments and trade and other payables	414	871
	<u>-4,130</u>	<u>360</u>

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Board member

On behalf of: Board

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ANNA SAMUELSSON

Vice Chairman

On behalf of: Board

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ANDREAS KARL VILHELM JOHANSSON

Vice Chairman

On behalf of: Board

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Henricus Johannes Maria van Heesch

Board member

On behalf of: Board

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Peder Wulff Jacobsen

Board member

On behalf of: Board

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CHRISTIAN BENGTSOON

Board member

On behalf of: Board

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Anders Levring

Chairman

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JARI PETTERI LOPONEN

Board member

On behalf of: Board

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2024-04-21 16:07:43 UTC



ANDERS RAMSTRÖM

Board member

On behalf of: Board

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Mikkel Trabjerg Knudsen

Accountant

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Katrine Basballe Gybel

KPMG P/S CVR: 25578198

Accountant

På vegne af: KMGP

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Louise Helmer

CEO

På vegne af: VikingGenetics

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