

DK Falcons ApS

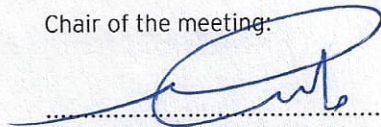
Kringelbornvej 43, DK-9830 Tårs

CVR no. 33 06 48 61

Annual report 2022/23

Approved at the Company's annual general meeting on 10 January 2024

Chair of the meeting:



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Khalifa Hareb Saeed Alkaabi

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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of DK Falcons ApS for the financial year 1 July 2022 - 30 June 2023.

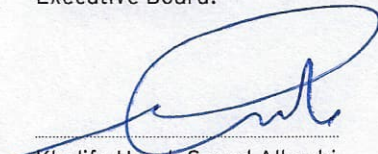
The annual report is prepared in accordance with the Danish Financial Statements Act.

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2023 and of the results of the Company's operations for the financial year 1 July 2022 - 30 June 2023.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Abu Dhabi, 10 January 2024
Executive Board:



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Khalifa Hareb Saeed Alkaabi

Independent auditor's report

To the shareholder of DK Falcons ApS

Conclusion

We have conducted an extended review of the financial statements of DK Falcons ApS for the financial year 1 July 2022 - 30 June 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on the work we have performed, in our opinion, the financial statements give a true and fair view of the financial position of the Company at 30 June 2023 and of the results of the Company's operations for the financial year 1 July 2022 - 30 June 2023 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's standard on extended review for Small entities and FSR - Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence

We are independent of the Company 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance for our conclusion on the financial statements and perform specifically required supplementary procedures to obtain additional assurance for our conclusion.

An extended review comprises procedures that primarily consist of making enquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our extended review of the 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 financial statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Independent auditor's report

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 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.

Aalborg, 10 January 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Søren V. Nejmann
State Authorised Public Accountant
mne32775

Management's review

Company details

Name	DK Falcons ApS
Address, Postal code, City	Kringelbornvej 43, DK-9830 Tårs
CVR no.	33 06 48 61
Established	30 June 2010
Registered office	Hjørring
Financial year	1 July 2022 - 30 June 2023
Executive Board	Khalifa Hareb Saeed Alkaabi
Auditors	EY Godkendt Revisionspartnerselskab Østre Havnegade 65, 9000 Aalborg, Denmark

Management's review

Business review

The principal activities of the Company are sale and production of birds and related activities.

Financial review

The income statement for 2022/23 shows a loss of DKK 219 thousand against a profit of DKK 665 thousand last year, and the balance sheet at 30 June 2023 shows equity of DKK 43,427 thousand. Management considers the Company's financial performance in the year as expected.

Financial statements 1 July 2022 - 30 June 2023

Income statement

Note	DKK'000	2022/23	2021/22
	Gross profit	5,421	6,413
2	Staff costs	-7,724	-5,811
	Amortisation/depreciation of intangible assets and property, plant and equipment	-1,124	-1,144
	Operating profit/loss before fair value adjustments	-3,427	-542
	Fair value adjustment of other investment assets	2,570	800
	Profit/loss before net financials	-857	258
3	Financial income	582	652
	Financial expenses	-5	-26
	Profit/loss before tax	-280	884
	Tax for the year	61	-219
	Profit/loss for the year	-219	665
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-219	665
		-219	665

Financial statements 1 July 2022 - 30 June 2023

Balance sheet

Note	DKK'000	<u>2022/23</u>	<u>2021/22</u>
	ASSETS		
	Fixed assets		
4	Property, plant and equipment		
	Land and buildings	3,541	4,137
	Biological assets	16,200	13,630
	Other fixtures and fittings, tools and equipment	729	945
	Leasehold improvements	2,026	541
		<u>22,496</u>	<u>19,253</u>
	Total fixed assets	<u>22,496</u>	<u>19,253</u>
	Non-fixed assets		
5	Inventories		
	Raw materials and consumables	824	166
	Birds for resale	6,675	7,540
		<u>7,499</u>	<u>7,706</u>
	Receivables		
	Receivables from group entities	15,123	13,571
	Income taxes receivable	620	612
	Other receivables	403	509
6	Prepayments	511	710
		<u>16,657</u>	<u>15,402</u>
	Cash	143	4,124
	Total non-fixed assets	<u>24,299</u>	<u>27,232</u>
	TOTAL ASSETS	<u><u>46,795</u></u>	<u><u>46,485</u></u>

Financial statements 1 July 2022 - 30 June 2023

Balance sheet

Note	DKK'000	<u>2022/23</u>	<u>2021/22</u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	130	130
	Retained earnings	43,297	43,516
	Total equity	<u>43,427</u>	<u>43,646</u>
	Provisions		
	Deferred tax	1,695	1,855
	Total provisions	<u>1,695</u>	<u>1,855</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	743	399
	Joint taxation contribution payable	117	11
	Other payables	813	574
		<u>1,673</u>	<u>984</u>
	Total liabilities other than provisions	<u>1,673</u>	<u>984</u>
	TOTAL EQUITY AND LIABILITIES	<u>46,795</u>	<u>46,485</u>

- 1 Accounting policies
7 Contractual obligations and contingencies, etc.

Financial statements 1 July 2022 - 30 June 2023

Statement of changes in equity

DKK'000	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 July 2022	130	43,516	43,646
Transfer through appropriation of loss	0	-219	-219
Equity at 30 June 2023	<u>130</u>	<u>43,297</u>	<u>43,427</u>

Financial statements 1 July 2022 - 30 June 2023

Notes to the financial statements

1 Accounting policies

The annual report of DK Falcons ApS for 2022/23 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods (birds) is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured net of all types of discounts/rebates granted. Also, revenue is measured net of VAT and other indirect taxes charged on behalf of third parties.

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.

Gross profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Financial statements 1 July 2022 - 30 June 2023

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

On initial recognition, fixtures and fittings, tools and equipment and leasehold improvements are measured at cost.

Fixtures and fittings, tools and equipment and leasehold improvements are subsequently measured at cost less accumulated depreciation.

The basis of depreciation is cost less expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Where individual components of an item of fixtures and fittings, tools and equipment and leasehold improvement have different useful lives, they are accounted for as separate items, which are depreciated separately.

Financial statements 1 July 2022 - 30 June 2023

Notes to the financial statements

1 Accounting policies (continued)

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Aviarys and incubation rooms	10-15 years
Leasehold improvements	10 years
Machinery and equipment	7-10 years
Trucks	8 years

Gains and losses on the disposal of fixtures and fittings, tools and equipment and leasehold improvement are calculated as the difference between the selling price less selling costs and carrying amount at the date of disposal. The gains og loses are recognized in the incom statement as other operating income or other operating costs, respectively.

Biological assets

Biological assets consists of breeding birds and are initially recognized at cost and subsequently at fair value. The fair value is determined on the basis of world market prices and actual sales prices of similar birds. Value adjustments of biological assets are recognized separately in the income statement.

Impairment of fixed assets

Every year, tangible assets are reviewed for impairment. Where there is indication of impairment, an impairment test is made. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

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 expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Birds for resale are initially recognized at cost and subsequently at fair value. The fair value is determined as the value of which the inventory is expected to generate in transaction between independent parties. The fair value is estimated to be approximately 60% of the fair value of fully grown breeding birds. Value adjustments of biological current assets are recognized in the income statement.

Financial statements 1 July 2022 - 30 June 2023

Notes to the financial statements

1 Accounting policies (continued)

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables. Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected 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 recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Financial statements 1 July 2022 - 30 June 2023

Notes to the financial statements

1 Accounting policies (continued)

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

- Level 1: Value in an active market for similar assets/liabilities
- Level 2: Value based on recognised valuation methods on the basis of observable market information
- Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

Financial statements 1 July 2022 - 30 June 2023

Notes to the financial statements

DKK'000	2022/23	2021/22
2 Staff costs		
Wages/salaries	6,763	5,085
Pensions	721	553
Other social security costs	240	173
	<u>7,724</u>	<u>5,811</u>
Average number of full-time employees	<u>12</u>	<u>11</u>
3 Financial income		
Interest receivable, group entities	582	652
	<u>582</u>	<u>652</u>

4 Property, plant and equipment

Biological assets

Biological fixed assets consists of breeding birds (falcons) and are initially recognized at cost and subsequently at fair value. The fair value of 16,200 t.DKK at 30 June 2023 is determined on the basis of actual world market prices and the Company's actual sales prices of similar birds (fair value level 3). The fair value is set at 11 t.USD (2021/22: 11 t.USD) for male birds and 22 t.USD (2021/22: 22 t.USD) for females. Value adjustments of 2,570 t.DKK are recognized in the income statement for 2022/23.

5 Inventories

Inventories consists of birds for resale and are initially recognized at cost and subsequently at fair value less cost of sales. The fair value of 6,675 t.DKK at 30 June 2023 is determined as the value of which the birds are expected to generate in transactions between independent parties. The fair value is estimated to be approximately 60% of the fair value of fully grown breeding birds. Value adjustments of 865 t.DKK of biological current assets are recognized in the income statement for 2022/23.

6 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent. Prepayments amounts to 511 t.DKK at 30 June 2023. Of this, the long-term share amounts to 200 t.DKK at 30 June 2023.

7 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company has entered into operating leases with remaining terms between 3 to 30 months. Residual payments amounts to 864 t.DKK at 30 June 2023 of which leases from group entities have a total nominal residual lease liability of 234 t.DKK.

With effect from 20 October 2021 the Company is jointly taxed with its parent, F.DK ApS, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2021 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 20 October 2021.