
EFD Investment A/S

Jægersborg Alle , 4,5, DK-2920 Charlottenlund

Annual Report for 2023

CVR No. 36 97 87 91

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 27/6 2024

Kasper Sandø Jensen
Chairman of the
general meeting



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Management's statement

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

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

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

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

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

Charlottenlund, 27 June 2024

Executive Board

Thomas Marstrand
CEO

Board of Directors

Benny Dalgaard Loft
Chairman

Thomas Marstrand

Lasse Bolander

Independent Auditor's report

To the shareholder of EFD Investment A/S

Opinion

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

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

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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

Independent Auditor's report

Vejle, 27 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Forthoft Lind

State Authorised Public Accountant

mne34169

Claus Damhave

State Authorised Public Accountant

mne34166

Company information

The Company	EFD Investment A/S Jægersborg Alle , 4,5 2920 Charlottenlund CVR No: 36 97 87 91 Financial period: 1 January - 31 December Municipality of reg. office: Gentofte
Board of Directors	Benny Dalgaard Loft, chairman Thomas Marstrand Lasse Bolander
Executive Board	Thomas Marstrand
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

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

	Group				
	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	32,608	35,260	40,325	37,558	48,330
Profit/loss of primary operations	-1,558	2,144	778	-937	7,927
Net profit/loss for the year	-6,586	-1,413	-1,103	-3,108	4,679
Balance sheet					
Balance sheet total	99,314	123,774	118,221	109,838	114,323
Investment in property, plant and equipment	3,481	2,062	4,030	1,440	10,649
Equity	18,251	24,347	27,158	26,418	30,958
Cash flows					
Cash flows from:					
- operating activities	5,026	-4,060	3,501	5,429	14,406
- investing activities	-3,537	-2,062	-2,847	-1,641	-11,037
- financing activities	-2,706	4,015	1,919	-3,850	-3,521
Change in cash and cash equivalents for the year	-1,217	-2,107	2,573	-62	-152
Number of employees	60	69	62	60	66
Ratios					
Return on assets	-1.6%	1.7%	0.7%	-0.9%	6.9%
Solvency ratio	18.4%	19.7%	23.0%	24.1%	27.1%
Return on equity	-30.9%	-5.5%	-4.1%	-10.8%	16.7%

The calculation for ratios in % are made in accordance with the description under "Accounting policies".

Management's review

Key activities

The Group deals primarily with the manufacturing and sale of freeze-dried food ingredients and contract manufacturing. Furthermore, the Group manufactures and sells its own freeze-dried meals and also private label meals, freeze-dried food ingredients to the retail market and pet food.

Development in the year

The income statement of the Group for 2023 shows a loss of DKK 6,585,520, and at 31 December 2023 the balance sheet of the Group shows a positive equity of DKK 18,250,759.

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

In the Annual Report for 2022 the Group expected a profit in the range of DKK 3 - 7 million for 2023. The expectation did not materialize.

For 2024 the profit for the year is expected to be in the range of DKK 3 - 5 million.

Capital resources

Please refer to note 1 to the Financial Statements.

Foreign exchange risks

The Group evaluates on an ongoing basis the need to use financial instruments to hedge net positions and future transactions. At 31 December 2023 the Group has not entered into any hedge agreements.

Research and development

A continuous focus on the development of own new branded products and private label products for customers, as well as for commission drying customers is vital to the Group to maintain market leadership.

External environment

The Group is environmentally conscious and works from a sustainability point of view, both with suppliers, customers and in own operations.

Unusual events

The financial position at 31 December 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

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

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Gross profit		32,607,566	35,259,705	796,729	848,597
Staff expenses	2	-25,152,266	-25,086,289	0	0
Earnings Before Interest Taxes Depreciation and Amortization		7,455,300	10,173,416	796,729	848,597
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-9,013,047	-8,029,198	0	0
Profit/loss before financial income and expenses		-1,557,747	2,144,218	796,729	848,597
Income from investments in subsidiaries		0	0	-6,864,946	-1,756,027
Financial income	4	157,258	601,548	13	3,997
Financial expenses	5	-4,937,210	-3,947,626	-438,499	-423,661
Profit/loss before tax		-6,337,699	-1,201,860	-6,506,703	-1,327,094
Tax on profit/loss for the year	6	-247,821	-211,161	-78,817	-85,927
Net profit/loss for the year	7	-6,585,520	-1,413,021	-6,585,520	-1,413,021

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Acquired licenses		43,587	49,201	0	0
Goodwill		16,424,827	17,832,672	0	0
Intangible assets	8	16,468,414	17,881,873	0	0
Land and buildings		16,407,251	18,224,744	0	0
Plant and machinery		24,218,821	27,033,700	0	0
Other fixtures and fittings, tools and equipment		568,941	803,563	0	0
Property, plant and equipment in progress		942,699	0	0	0
Property, plant and equipment	9	42,137,712	46,062,007	0	0
Investments in subsidiaries	10	0	0	40,008,118	46,384,165
Fixed asset investments		0	0	40,008,118	46,384,165
Fixed assets		58,606,126	63,943,880	40,008,118	46,384,165
Raw materials and consumables		4,604,434	3,151,194	0	0
Finished goods and goods for resale		12,353,085	25,227,725	0	0
Inventories		16,957,519	28,378,919	0	0
Trade receivables		16,595,790	22,519,607	0	0
Other receivables		2,010,878	2,045,189	13	0
Deferred tax asset	11	3,960,331	4,214,263	0	0
Corporation tax		271,127	0	0	0
Prepayments	12	358,131	900,166	19,462	0
Receivables		23,196,257	29,679,225	19,475	0
Cash at bank and in hand		554,352	1,771,905	246	100
Current assets		40,708,128	59,830,049	19,721	100
Assets		99,314,254	123,773,929	40,027,839	46,384,265

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2023	2022	2023	2022
		DKK	DKK	DKK	DKK
Share capital		1,006,873	1,006,873	1,006,873	1,006,873
Reserve for exchange rate conversion		768,820	279,921	768,820	279,921
Retained earnings		16,475,066	23,060,586	16,475,066	23,060,586
Equity		18,250,759	24,347,380	18,250,759	24,347,380
Provision for deferred tax	11	891,894	1,037,573	0	0
Provisions		891,894	1,037,573	0	0
Payables to group enterprises		0	0	21,667,013	21,917,958
Other payables		1,512,606	1,461,455	0	0
Long-term debt	13	1,512,606	1,461,455	21,667,013	21,917,958
Credit institutions		69,252,603	72,010,063	0	0
Trade payables		4,609,988	16,273,669	0	0
Corporation tax		0	1,110,003	78,817	93,927
Other payables	13	4,796,404	7,533,786	31,250	25,000
Short-term debt		78,658,995	96,927,521	110,067	118,927
Debt		80,171,601	98,388,976	21,777,080	22,036,885
Liabilities and equity		99,314,254	123,773,929	40,027,839	46,384,265
Going concern	1				
Contingent assets, liabilities and other financial obligations	16				
Related parties	17				
Subsequent events	18				
Accounting Policies	19				

Statement of changes in equity

Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1,006,873	279,921	23,060,586	24,347,380
Exchange adjustments	0	488,899	0	488,899
Net profit/loss for the year	0	0	-6,585,520	-6,585,520
Equity at 31 December	1,006,873	768,820	16,475,066	18,250,759

Parent company

	Share capital	Reserve for exchange rate conversion	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1,006,873	279,921	23,060,586	24,347,380
Exchange adjustments	0	488,899	0	488,899
Net profit/loss for the year	0	0	-6,585,520	-6,585,520
Equity at 31 December	1,006,873	768,820	16,475,066	18,250,759

Cash flow statement 1 January - 31 December

	Note	Group	
		2023	2022
		DKK	DKK
Result of the year		-6,585,520	-1,413,021
Adjustments	14	13,966,475	10,188,823
Change in working capital	15	3,520,500	-8,354,437
Cash flow from operations before financial items		10,901,455	421,365
Financial income		157,258	601,548
Financial expenses		-4,937,210	-3,947,626
Cash flows from ordinary activities		6,121,503	-2,924,713
Corporation tax paid		-1,095,869	-1,135,235
Cash flows from operating activities		5,025,634	-4,059,948
Purchase of intangible assets		-55,806	0
Purchase of property, plant and equipment		-3,481,072	-2,062,313
Cash flows from investing activities		-3,536,878	-2,062,313
Repayment of loans from credit institutions		-2,757,460	0
Repayment of other long-term debt		51,151	0
Raising of loans from credit institutions		0	3,968,607
Raising of other long-term debt		0	46,190
Cash flows from financing activities		-2,706,309	4,014,797
Change in cash and cash equivalents		-1,217,553	-2,107,464
Cash and cash equivalents at 1 January		1,771,905	3,879,369
Cash and cash equivalents at 31 December		554,352	1,771,905
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		554,352	1,771,905
Cash and cash equivalents at 31 December		554,352	1,771,905

Notes to the Financial Statements

1. Going concern

The Group and its bank have agreed on a total credit limit on existing bank facilities of DKK 70 million. The framework agreement is applicable for the time being and will be renegotiated every half year, next time in October 2024.

The Company is dependent on a continuous credit limit. The Group has used the current bank for several years, and Management expects the credit limit to be renewed by a minimum of a half year as previously.

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
2. Staff Expenses				
Wages and salaries	21,436,762	21,517,991	0	0
Pensions	2,244,120	2,401,479	0	0
Other social security expenses	822,554	589,763	0	0
Other staff expenses	648,830	577,056	0	0
	25,152,266	25,086,289	0	0
Including remuneration to the Board of Directors	225,000	375,000	0	0
Average number of employees	60	69	0	0

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	1,469,265	1,512,526	0	0
Depreciation of property, plant and equipment	6,343,089	6,516,672	0	0
Impairment of tangible assets	1,200,693	0	0	0
	9,013,047	8,029,198	0	0

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
4. Financial income				
Other financial income	157,258	601,548	13	3,997
	157,258	601,548	13	3,997

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
5. Financial expenses				
Interest paid to group enterprises	0	0	437,615	420,761
Other financial expenses	4,687,169	3,824,010	884	2,900
Exchange adjustments, expenses	250,041	123,616	0	0
	4,937,210	3,947,626	438,499	423,661

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
6. Income tax expense				
Current tax for the year	256,994	1,151,375	78,817	93,927
Deferred tax for the year	84,754	-931,223	0	0
Adjustment of tax concerning previous years	-93,927	-8,000	0	-8,000
Adjustment of deferred tax concerning previous years	0	-991	0	0
	247,821	211,161	78,817	85,927

	Parent company	
	2023	2022
	DKK	DKK
7. Profit allocation		
Retained earnings	-6,585,520	-1,413,021
	-6,585,520	-1,413,021

Notes to the Financial Statements

8. Intangible fixed assets Group

	Acquired licenses	Goodwill
	DKK	DKK
Cost at 1 January	2,340,361	28,156,851
Exchange adjustment	29,312	0
Additions for the year	55,704	0
Disposals for the year	-824,140	0
Transfers for the year	-130,415	0
Cost at 31 December	<u>1,470,822</u>	<u>28,156,851</u>
Impairment losses and amortisation at 1 January	2,291,260	10,324,181
Exchange adjustment	29,108	0
Amortisation for the year	61,422	1,407,843
Reversal of impairment and amortisation of sold assets	-824,140	0
Transfers for the year	-130,415	0
Impairment losses and amortisation at 31 December	<u>1,427,235</u>	<u>11,732,024</u>
Carrying amount at 31 December	<u>43,587</u>	<u>16,424,827</u>

Notes to the Financial Statements

9. Property, plant and equipment Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	DKK	DKK	DKK	DKK
Cost at 1 January	50,269,840	85,641,008	3,180,624	0
Exchange adjustment	33,753	725,084	128	0
Additions for the year	87,464	2,450,909	0	942,699
Disposals for the year	-1,558,592	-2,668,509	0	0
Transfers for the year	0	14,768	115,647	0
Cost at 31 December	48,832,465	86,163,260	3,296,399	942,699
Impairment losses and depreciation at 1 January	32,045,096	58,607,308	2,377,061	0
Exchange adjustment	25,104	595,241	128	0
Depreciation for the year	1,305,776	4,802,691	234,622	0
Reversal of impairment and depreciation of sold assets	-950,762	-2,075,569	0	0
Transfers for the year	0	14,768	115,647	0
Impairment losses and depreciation at 31 December	32,425,214	61,944,439	2,727,458	0
Carrying amount at 31 December	16,407,251	24,218,821	568,941	942,699

Notes to the Financial Statements

	Parent company	
	2023	2022
	DKK	DKK
10. Investments in subsidiaries		
Cost at 1 January	109,223,696	109,223,696
Cost at 31 December	109,223,696	109,223,696
Value adjustments at 1 January	-62,839,531	-59,685,890
Exchange adjustment	488,899	-1,397,614
Net profit/loss for the year	-5,457,103	-348,184
Amortisation of goodwill	-1,407,843	-1,407,843
Value adjustments at 31 December	-69,215,578	-62,839,531
Carrying amount at 31 December	40,008,118	46,384,165
Remaining positive difference included in the above carrying amount at	16,424,829	17,832,672

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
European Freeze Dry ApS	Lille Kirkeby	DKK 750.000	100%
European Freeze Dry Ltd	United Kingdom	GBP 1.600.000	100%

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
11. Deferred tax asset				
Deferred tax asset at 1 January	3,176,690	2,186,247	0	0
Exchange rate adjustment	-23,499	59,220	0	0
Amounts recognised in the income statement for the year	-84,754	931,223	0	0
Deferred tax asset at 31 December	3,068,437	3,176,690	0	0
Recognised in the balance sheet as follows:				
Assets	3,960,331	4,214,263	0	0
Provisions	-891,894	-1,037,573	0	0
	3,068,437	3,176,690	0	0

The Group's deferred tax asset consists of differences between accounting and tax values. The Group has decided not to capitalise the value of tax loss carryforwards in the Danish subsidiary.

12. Prepayments

Prepaid expenses mainly consists of prepaid insurance, subscriptions etc.

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
13. Long-term debt				

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

The debt falls due for payment as specified below:

Payables to group enterprises

After 5 years	0	0	0	0
Between 1 and 5 years	0	0	21,667,013	21,917,958
Long-term part	0	0	21,667,013	21,917,958
Within 1 year	0	0	0	0
	0	0	21,667,013	21,917,958

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
13. Long-term debt				
Other payables				
After 5 years	1,253,656	1,314,844	0	0
Between 1 and 5 years	258,950	146,611	0	0
Long-term part	1,512,606	1,461,455	0	0
Other short-term payables	4,796,404	7,533,786	31,250	25,000
	6,309,010	8,995,241	31,250	25,000

	Group	
	2023	2022
	DKK	DKK
14. Cash flow statement - Adjustments		
Financial income	-157,258	-601,548
Financial expenses	4,937,210	3,947,626
Depreciation, amortisation and impairment losses, including losses and gains on sales	9,013,047	8,029,198
Tax on profit/loss for the year	247,821	211,161
Exchange adjustments	-74,345	-1,397,614
	13,966,475	10,188,823

	Group	
	2023	2022
	DKK	DKK
15. Cash flow statement - Change in working capital		
Change in inventories	11,421,400	-5,667,747
Change in receivables	6,500,163	-7,496,880
Change in trade payables, etc	-14,401,063	4,810,190
	3,520,500	-8,354,437

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	DKK	DKK	DKK	DKK
16. Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with bankers:				
Mortgage deeds registered to the mortgagor totalling DKK 15,000 thousand, providing security on land and buildings as well as other property, plant and equipment at a total carrying amount of:	16,407,251	18,224,744	0	0
Bank debt is secured in a way of mortgaged shared in the subsidiary. The carrying amount of mortgaged shares amounts to	0	0	40,008,118	46,384,165
The Company has guaranteed the bank debt of European Freeze Dry ApS. The subsidiary's bank debt amounts to	0	0	69,252,603	72,010,063
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	1,656,119	504,106	0	0
Between 1 and 5 years	2,914,796	1,512,479	0	0
After 5 years	0	294,086	0	0
	4,570,915	2,310,671	0	0
Obligation to designate buyer, operating leases. Expected residual value on expiry agreement	7,175	0	0	0

Notes to the Financial Statements

Group		Parent company	
2023	2022	2023	2022
DKK	DKK	DKK	DKK

16. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 0. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

17. Related parties

	<u>Basis</u>
Controlling interest	
Erhvervsinvest III K/S	Parent Company

Transactions

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

There have been no such transactions.

18. Subsequent events

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

Notes to the Financial Statements

19. Accounting policies

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

The accounting policies applied remain unchanged from last year.

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

Recognition and measurement

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

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

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

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

Basis of consolidation

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

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

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

Leases

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

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Notes to the Financial Statements

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

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income statement

Revenue

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

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

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Other external expenses also include research and development costs that do not qualify for capitalisation.

Gross profit

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

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

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

Notes to the Financial Statements

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

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

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with Danish Group companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 year.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans are not recognised in cost during construction and reconstruction periods.

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

Production buildings	10 - 33 years
Plant and machinery	3 - 14 years
Other fixtures and fittings, tools and equipment	3 - 10 years

The residual values are estimated at the following percentage of the cost:

Notes to the Financial Statements

Production buildings 6 %

The residual value of other fixed assets is determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries

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

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

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

Other fixed asset investments

Other fixed asset investments consist of loan receivables measured at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Inventories

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

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

The cost of raw materials and consumables equals landed cost.

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

Receivables

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

Prepayments

Prepaid expenses mainly consists of prepaid insurance, subscriptions etc.

Notes to the Financial Statements

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise .

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

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$