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# ***Avlscenter Møllevang A/S***

Møllevvej 3, DK-6670 Holsted

## **Annual Report for 1 January - 31 December 2021**

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CVR No 38 76 60 58

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
12/5 2022

Niels Vejrup Pedersen  
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 Avlscenter Møllevang A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

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

Holsted, 12 May 2022

### **Executive Board**

Niels Vejrup Pedersen  
Executive Officer

### **Board of Directors**

Gitte Elkjær Pedersen  
Chairman

Niels Vejrup Pedersen

Frank Dam Hansen

# The Independent Practitioner's Report

To the Shareholders of Avlscenter Møllevang A/S

## Conclusion

We have performed an extended review of the Financial Statements of Avlscenter Møllevang A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Based on the work performed, in our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

## Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises 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 "Practitioner's responsibilities for the extended review of the financial statements" section of our report. 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. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## Management's responsibility 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 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 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.

## Practitioner'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 in respect of our conclusion on the Financial Statements and, moreover, that we perform supplementary procedures specifically required to obtain additional assurance in respect of our conclusion.

An extended review consists of making inquiries, primarily of Management and others within the enterprise, as appropriate, and applying analytical procedures and the supplementary procedures specifically

# The Independent Practitioner's Report

required as well as assessing the evidence obtained.

An extended review is less in scope than an audit and, consequently, we do not express an audit opinion on the Financial Statements.

Esbjerg, 12 May 2022

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Palle H. Jensen

Stateauthorised Public Accountant

mne32115

## Company Information

### **The Company**

Avlscenter Møllevang A/S  
Møllevvej 3  
DK-6670 Holsted

CVR No: 38 76 60 58  
Financial period: 1 January - 31 December  
Municipality of reg. office: Vejen

### **Board of Directors**

Gitte Elkjær Pedersen, Chairman  
Niels Vejrup Pedersen  
Frank Dam Hansen

### **Executive Board**

Niels Vejrup Pedersen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Esbjerg Brygge 28  
DK-6700 Esbjerg

## Income Statement 1 January - 31 December

	Note	2021 DKK	2020 DKK
<b>Gross profit/loss</b>		<b>7,499,418</b>	<b>64,420,393</b>
Staff expenses	2	-13,031,476	-13,898,565
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-6,704,158	-6,661,889
<b>Profit/loss before financial income and expenses</b>		<b>-12,236,216</b>	<b>43,859,939</b>
Income from investments in subsidiaries		12,013,050	-999,849
Financial income	4	3,394,773	3,328,191
Financial expenses	5	-3,298,588	-3,663,520
<b>Profit/loss before tax</b>		<b>-126,981</b>	<b>42,524,761</b>
Tax on profit/loss for the year	6	2,862,402	-8,599,631
<b>Net profit/loss for the year</b>		<b>2,735,421</b>	<b>33,925,130</b>

## Distribution of profit

### Proposed distribution of profit

Reserve for net revaluation under the equity method	12,013,050	-999,849
Retained earnings	-9,277,629	34,924,979
	<b>2,735,421</b>	<b>33,925,130</b>

# Balance Sheet 31 December

## Assets

	Note	2021 DKK	2020 DKK
Acquired rights		251,167	448,859
Goodwill		2,500,000	3,000,000
<b>Intangible assets</b>	<b>7</b>	<b>2,751,167</b>	<b>3,448,859</b>
Land and buildings	8	109,209,123	110,833,971
Basic Herd		5,671,300	9,119,200
Other fixtures and fittings, tools and equipment	8	14,371,980	17,031,565
<b>Property, plant and equipment</b>		<b>129,252,403</b>	<b>136,984,736</b>
Investments in subsidiaries	9	97,635,190	85,622,140
Other investments		2,499,058	2,283,471
<b>Fixed asset investments</b>		<b>100,134,248</b>	<b>87,905,611</b>
<b>Fixed assets</b>		<b>232,137,818</b>	<b>228,339,206</b>
Herd		3,703,090	3,920,617
Raw materials and consumables		8,125,882	8,421,072
<b>Inventories</b>		<b>11,828,972</b>	<b>12,341,689</b>
Trade receivables		2,949,684	6,888,018
Receivables from group enterprises		55,824,143	59,160,827
Other receivables		2,456,711	194,360
Corporation tax receivable from group enterprises		2,131,032	0
Prepayments		289,624	30,094
<b>Receivables</b>		<b>63,651,194</b>	<b>66,273,299</b>
<b>Cash at bank and in hand</b>		<b>19,602,637</b>	<b>15,774,448</b>
<b>Currents assets</b>		<b>95,082,803</b>	<b>94,389,436</b>
<b>Assets</b>		<b>327,220,621</b>	<b>322,728,642</b>



# Balance Sheet 31 December

## Liabilities and equity

	Note	2021 DKK	2020 DKK
Share capital		980,392	980,392
Reserve for net revaluation under the equity method		18,356,902	6,343,852
Reserve for hedging transactions		1,314,892	-1,211,185
Retained earnings		183,305,039	192,582,668
<b>Equity</b>		<b>203,957,225</b>	<b>198,695,727</b>
Provision for deferred tax		5,266,000	5,285,000
<b>Provisions</b>		<b>5,266,000</b>	<b>5,285,000</b>
Mortgage loans		83,957,086	88,349,356
Other payables		14,734,998	17,973,445
<b>Long-term debt</b>	10	<b>98,692,084</b>	<b>106,322,801</b>
Mortgage loans	10	4,282,179	4,338,738
Trade payables		10,868,365	4,212,800
Payables to group enterprises		1,967,476	1,296,856
Payables to owners and Management		1,380,974	945,663
Other payables	10,11	806,318	1,631,057
		<b>19,305,312</b>	<b>12,425,114</b>
<b>Debt</b>		<b>117,997,396</b>	<b>118,747,915</b>
<b>Liabilities and equity</b>		<b>327,220,621</b>	<b>322,728,642</b>
Key activities	1		
Contingent assets, liabilities and other financial obligations	12		
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## Statement of Changes in Equity

	Share capital	Reserve for net revalua- tion under the equity method	Reserve for hedging transactions	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	980,392	6,343,852	-1,211,185	192,582,668	198,695,727
Fair value adjustment of hedging transactions, beginning of year	0	0	17,973,445	0	17,973,445
Fair value adjustment of hedging transactions, end of year	0	0	-14,734,998	0	-14,734,998
Tax on adjustment of hedging transactions for the year	0	0	-712,370	0	-712,370
Net profit/loss for the year	0	12,013,050	0	-9,277,629	2,735,421
<b>Equity at 31 December</b>	<b>980,392</b>	<b>18,356,902</b>	<b>1,314,892</b>	<b>183,305,039</b>	<b>203,957,225</b>

# Notes to the Financial Statements

## 1 Key activities

The main activity of the company is the production of breeding pigs and leasing of land, as well as asset management of the company's funds.

## 2 Staff expenses

	2021 DKK	2020 DKK
Wages and salaries	11,749,920	13,177,784
Pensions	974,368	498,231
Other social security expenses	307,188	222,550
	<b>13,031,476</b>	<b>13,898,565</b>
<b>Average number of employees</b>	<b>31</b>	<b>37</b>

## 3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

Amortisation of intangible assets	697,691	695,191
Depreciation of property, plant and equipment	6,006,467	5,966,698
	<b>6,704,158</b>	<b>6,661,889</b>

## 4 Financial income

Interest received from group enterprises	2,759,186	1,578,226
Other financial income	635,587	325,554
Exchange adjustments, mortgage loans	0	1,424,411
	<b>3,394,773</b>	<b>3,328,191</b>

## 5 Financial expenses

Interest paid to group enterprises	49,407	0
Other financial expenses	3,238,501	3,663,520
Exchange adjustments, mortgage loans	10,680	0
	<b>3,298,588</b>	<b>3,663,520</b>

# Notes to the Financial Statements

## 6 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Current tax for the year	-2,131,032	10,363,013
Deferred tax for the year	-19,000	-516,001
Adjustment of deferred tax concerning previous years	0	-1,589,000
	<b>-2,150,032</b>	<b>8,258,012</b>

which breaks down as follows:

Tax on profit/loss for the year	-2,862,402	8,599,631
Tax on changes in equity	712,370	-341,619
	<b>-2,150,032</b>	<b>8,258,012</b>

## 7 Intangible assets

	Acquired rights DKK	Goodwill DKK
Cost at 1 January	1,212,303	5,000,000
Cost at 31 December	1,212,303	5,000,000
Impairment losses and amortisation at 1 January	763,445	2,000,000
Amortisation for the year	197,691	500,000
Impairment losses and amortisation at 31 December	961,136	2,500,000
<b>Carrying amount at 31 December</b>	<b>251,167</b>	<b>2,500,000</b>

# Notes to the Financial Statements

## 8 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost at 1 January	119,157,661	27,761,279
Additions for the year	621,233	1,100,800
Cost at 31 December	119,778,894	28,862,079
Impairment losses and depreciation at 1 January	8,323,689	10,729,714
Depreciation for the year	2,246,082	3,760,385
Impairment losses and depreciation at 31 December	10,569,771	14,490,099
<b>Carrying amount at 31 December</b>	<b>109,209,123</b>	<b>14,371,980</b>

## 9 Investments in subsidiaries

	2021 DKK	2020 DKK
Cost at 1 January	79,278,288	79,278,288
Cost at 31 December	79,278,288	79,278,288
Value adjustments at 1 January	6,343,852	7,343,701
Net profit/loss for the year	12,013,050	-915,568
Other adjustments	0	-84,281
Value adjustments at 31 December	18,356,902	6,343,852
<b>Carrying amount at 31 December</b>	<b>97,635,190</b>	<b>85,622,140</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Gørklint Svin A/S under frivillig likvidation	Vejen	DKK 751.000	100%
AM 100 ApS	Vejen	DKK 50.000	100%
GNM 100 ApS	Vejen	DKK 50.000	100%

# Notes to the Financial Statements

## 10 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:

	2021 DKK	2020 DKK
<b>Mortgage loans</b>		
After 5 years	66,794,473	70,906,552
Between 1 and 5 years	17,162,613	17,442,804
Long-term part	83,957,086	88,349,356
Within 1 year	4,282,179	4,338,738
	<b>88,239,265</b>	<b>92,688,094</b>
<b>Other payables</b>		
Between 1 and 5 years	14,734,998	17,973,445
Long-term part	14,734,998	17,973,445
Other short-term payables	806,318	1,631,057
	<b>15,541,316</b>	<b>19,604,502</b>

## 11 Derivative financial instruments

Derivative financial instruments contracts in the form of interest rate swaps have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

Liabilities	14,734,998	17,973,445
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An interest rate swap contract has been concluded to hedge future interest payments on floating rate loans. The contract expires on 30 June 2038. According to the contract, a EUBOR 3M interest rate is replaced by a fixed interest rate of 5.02% on a loan with a principal amount of EUR 2,681k.

# Notes to the Financial Statements

	2021 DKK	2020 DKK
<b>12 Contingent assets, liabilities and other financial obligations</b>		
<b>Charges and security</b>		
The following assets have been placed as security with mortgage credit institutes:		
Mortgage deeds with floating company of DKK 5,000,000. The floating company charge is secured on outstanding accounts, inventory and plant and equipment.	41,736,936	45,380,472
Land and buildings with a carrying amount of	109,209,123	110,833,971

## Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the 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.

# Notes to the Financial Statements

## 13 Accounting Policies

The Annual Report of Avlscenter Møllevang A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2021 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.

### Translation policies

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.

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

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



# Notes to the Financial Statements

## 13 Accounting Policies (continued)

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

### Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

## 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 Company.

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

### Other external expenses

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

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

### Gross profit/loss

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 concerning investment properties and other external expenses.

### Staff expenses

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

### Amortisation, depreciation and impairment losses

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

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, 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 wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

### Balance Sheet

#### Intangible 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 10 years.

Acquired rights are measured at the lower of cost less accumulated amortisation and recoverable amount. Acquired rights are amortised over the remaining period of the rights.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

#### Other property, plant and equipment

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

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

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	10-20 years
Other buildings	30-50 years
Other fixtures and fittings, tools and equipment	3-10 years

Depreciation period and residual value are reassessed annually.

#### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment 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.

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

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

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

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

### Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

### 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.

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

### Prepayments

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

### Deferred tax assets and liabilities

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

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

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

### Current tax receivables and liabilities

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

### Financial debts

Loans, such as mortgage loans and 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.

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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