
Avlscenter Møllevang A/S

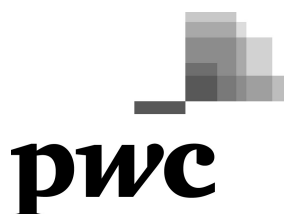
Møllevvej 3, DK-6670 Holsted

Annual Report for 1 January - 31 December 2019

CVR No 38 76 60 58

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
5 /6 2020

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 2019.

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 2019 of the Company and of the results of the Company operations for 2019.

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

Holsted, 5 June 2020

Executive Board

Niels Vejrup Pedersen
Executive Officer

Board of Directors

William Thomas Christianson
Chairman

Matthew Scott Culbertson

Frank Dam Hansen

Niels Vejrup Pedersen

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 2019, which comprise income statement, balance sheet 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 2019 and of the results of the Company operations for the financial year 1 January - 31 December 2019 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. 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 required as well as assessing the evidence obtained.

The Independent Practitioner's Report

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

Herning, 5 June 2020

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Henrik Skjøtt Sørensen

statsautoriseret revisor

mne26807

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

William Thomas Christianson, Chairman
Matthew Scott Culbertson
Frank Dam Hansen
Niels Vejrup Pedersen

Executive Board

Niels Vejrup Pedersen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Platanvej 4
DK-7400 Herning

Income Statement 1 January - 31 December

	Note	2019 DKK	2018 DKK
Gross profit/loss		31,777,125	85,335,491
Staff expenses	4	(12,915,817)	(12,978,393)
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	5	(5,698,067)	(5,632,326)
Profit/loss before financial income and expenses		13,163,241	66,724,772
Income from investments in subsidiaries		7,027,246	227,748
Financial income	6	2,229,080	868,518
Financial expenses	7	(3,375,343)	(3,402,683)
Profit/loss before tax		19,044,224	64,418,355
Tax on profit/loss for the year	8	(4,582,597)	(14,144,152)
Net profit/loss for the year		14,461,627	50,274,203

Distribution of profit

Proposed distribution of profit

Reserve for net revaluation under the equity method	7,027,246	91,248
Retained earnings	7,434,381	50,182,955
	14,461,627	50,274,203

Balance Sheet 31 December

Assets

	Note	2019 DKK	2018 DKK
Acquired rights		590,700	521,525
Goodwill		3,500,000	4,000,000
Intangible assets	9	4,090,700	4,521,525
Land and buildings	10	105,343,362	88,762,987
Basic Herd	11	14,422,300	16,025,700
Other fixtures and fittings, tools and equipment	10	18,453,213	19,974,571
Property, plant and equipment		138,218,875	124,763,258
Investments in subsidiaries	12	86,621,989	594,742
Other investments	13	1,876,630	1,098,495
Fixed asset investments		88,498,619	1,693,237
Fixed assets		230,808,194	130,978,020
Inventories	14	9,266,394	7,728,983
Trade receivables		9,504,186	4,844,116
Receivables from group enterprises		29,694,120	42,000,524
Other receivables		377,644	1,972,391
Prepayments		420,695	462,500
Receivables		39,996,645	49,279,531
Cash at bank and in hand		17,176,574	76,207,812
Currents assets		66,439,613	133,216,326
Assets		297,247,807	264,194,346

Balance Sheet 31 December

Liabilities and equity

	Note	2019 DKK	2018 DKK
Share capital		980,392	980,392
Reserve for net revaluation under the equity method		7,343,701	316,455
Retained earnings		157,657,689	152,502,930
Equity	15	165,981,782	153,799,777
Provision for deferred tax		7,390,000	6,092,200
Provisions		7,390,000	6,092,200
Mortgage loans		77,667,726	79,355,549
Other payables		16,426,532	13,498,048
Long-term debt	16	94,094,258	92,853,597
Mortgage loans	16	2,355,950	2,850,000
Credit institutions		163,774	1,462,076
Trade payables		5,252,553	5,125,258
Payables to group enterprises		6,318,522	0
Payables to owners and Management		1,288,362	1,249,557
Other payables	16	14,402,606	524,186
Deferred income		0	237,695
		29,781,767	11,448,772
Debt		123,876,025	104,302,369
Liabilities and equity		297,247,807	264,194,346
Unusual circumstances	1		
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Notes to the Financial Statements

1 Unusual circumstances

The company's operations and capital structure was significantly influenced in 2018 by extraordinary sales of breeding animals, etc. and capital increase in connection with the expansion of the ownership group.

2 Subsequent events

The implications of COVID-19 with many governments across the world deciding to "close down their countries" will have great impact on the global economy. Management considers the implications of COVID-19 a subsequent event occurred after the balance sheet date (31 December 2019), and therefore will not have any effect on the Financial Statements for 2019 (a non-adjusting event).

The management do not expect the Company to be significantly impacted by the outbreak of COVID-19. Management assesses that the financial resources available are adequate.

3 Key activities

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

	2019 DKK	2018 DKK
4 Staff expenses		
Wages and salaries	12,182,593	12,517,930
Pensions	423,000	348,000
Other social security expenses	310,224	112,463
	12,915,817	12,978,393
Average number of employees	35	34
5 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	699,100	694,629
Depreciation of property, plant and equipment	4,998,967	4,937,697
	5,698,067	5,632,326

Notes to the Financial Statements

	2019 DKK	2018 DKK
6 Financial income		
Interest received from group enterprises	1,207,754	244,366
Other financial income	1,021,326	624,152
	2,229,080	868,518
7 Financial expenses		
Other financial expenses	3,369,817	3,219,791
Exchange adjustments, expenses	5,526	182,892
	3,375,343	3,402,683
8 Tax on profit/loss for the year		
Current tax for the year	3,284,797	13,319,152
Deferred tax for the year	1,297,800	825,000
	4,582,597	14,144,152
9 Intangible assets		
	Acquired rights DKK	Goodwill DKK
Cost at 1 January	890,678	5,000,000
Additions for the year	268,275	0
Cost at 31 December	1,158,953	5,000,000
Impairment losses and amortisation at 1 January	369,153	1,000,000
Amortisation for the year	199,100	500,000
Impairment losses and amortisation at 31 December	568,253	1,500,000
Carrying amount at 31 December	590,700	3,500,000

Notes to the Financial Statements

10 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost at 1 January	92,693,413	25,142,549
Additions for the year	18,731,725	1,349,659
Disposals for the year	0	(235,000)
Cost at 31 December	111,425,138	26,257,208
Impairment losses and depreciation at 1 January	3,930,426	5,168,878
Depreciation for the year	2,151,350	2,847,617
Reversal of impairment and depreciation of sold assets	0	(212,500)
Impairment losses and depreciation at 31 December	6,081,776	7,803,995
Carrying amount at 31 December	105,343,362	18,453,213

11 Assets measured at fair value

	Basic Herd DKK
Cost at 1 January	16,025,700
Disposals for the year	(1,603,400)
Cost at 31 December	14,422,300
Carrying amount at 31 December	14,422,300

Notes to the Financial Statements

	2019 DKK	2018 DKK
12 Investments in subsidiaries		
Cost at 1 January	278,287	278,287
Additions for the year	79,000,001	0
Cost at 31 December	79,278,288	278,287
Value adjustments at 1 January	316,455	88,707
Net profit/loss for the year	7,343,023	227,748
Amortisation of goodwill	-391,190	0
Other adjustments	75,413	0
Value adjustments at 31 December	7,343,701	316,455
Carrying amount at 31 December	86,621,989	594,742

Investments in subsidiaries are specified as follows:

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

13 Other fixed asset investments

	Other investments DKK
Cost at 1 January	1,098,495
Additions for the year	778,135
Cost at 31 December	1,876,630
Carrying amount at 31 December	1,876,630

Notes to the Financial Statements

	2019 DKK	2018 DKK
14 Inventories		
Herd	3,668,284	4,275,190
Raw materials and consumables	5,598,110	3,453,793
	9,266,394	7,728,983

15 Equity

	Share capital DKK	Reserve for net revaluation under the equity method DKK	Retained earnings DKK	Total DKK
Equity at 1 January	980,392	316,455	152,502,930	153,799,777
Fair value adjustment of hedging instruments, beginning of year	0	0	13,498,048	13,498,048
Fair value adjustment of hedging instruments, end of year	0	0	(16,420,641)	(16,420,641)
Tax on adjustment of hedging instruments for the year	0	0	642,971	642,971
Net profit/loss for the year	0	7,027,246	7,434,381	14,461,627
Equity at 31 December	980,392	7,343,701	157,657,689	165,981,782

16 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:

	2019 DKK	2018 DKK
Mortgage loans		
After 5 years	61,796,524	0
Between 1 and 5 years	15,871,201	79,355,549
Long-term part	77,667,725	79,355,549
Within 1 year	2,355,950	2,850,000
	80,023,675	82,205,549

Notes to the Financial Statements

16 Long-term debt (continued)

	2019 DKK	2018 DKK
Other payables		
Between 1 and 5 years	16,426,532	13,498,048
Long-term part	16,426,532	13,498,048
Other short-term payables	14,402,606	524,185
	30,829,138	14,022,233

17 Contingent assets, liabilities and other financial obligations

Charges and security

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.	52,579,457	48,573,370
Land and buildings with a carrying amount of	105,343,362	88,762,987

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	998,782	1,001,069
Between 1 and 5 years	2,537,528	2,546,672
After 5 years	0	636,668
	3,536,310	4,184,409

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 is disclosed in the Annual Report of GNM Holding ApS, which is the management company of the joint taxation purposes. 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 Company's liability.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Avlscenter Møllevang A/S for 2019 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 2019 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

18 Accounting Policies (continued)

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.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised 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 Company.

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

Expenses concerning investment properties

Expenses concerning investment properties comprise the raw materials and consumables consumed to achieve revenue for the year.

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

18 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

18 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.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

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

Investment properties and 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.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

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 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

18 Accounting Policies (continued)

Prepayments

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

Current asset investments

Current 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.

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

18 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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.