

Thoraso Holding ApS
Skaarupgaard 59
9870 Sindal
Central Business Registration
No 39081563

Annual report 2017

The Annual General Meeting adopted the annual report on 31.05.2018

Chairman of the General Meeting

Name: Eva Jørgensen

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Entity details

Entity

Thoraso Holding ApS
Skaarupgaard 59
9870 Sindal

Central Business Registration No (CVR): 39081563
Registered in: Hjørring
Financial year: 01.01.2017 - 31.12.2017

Executive Board

Henrik Hougaard

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4. sal
9000 Aalborg

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Thoraso Holding ApS for the financial year 01.01.2017 - 31.12.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations and cash flows for the financial year 01.01.2017 - 31.12.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Sindal, 31.05.2018

Executive Board

Henrik Hougaard

Independent auditor's report

To the shareholders of Thoraso Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Thoraso Holding ApS for the financial year 01.01.2017 - 31.12.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Aalborg, 31.05.2018

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Thomas Skovsgaard
State Authorised Public Accountant
Identification No (MNE) mne34333

Jakob Olesen
State Authorised Public Accountant
Identification No (MNE) mne34492

Management commentary

	2017 DKK'000
Financial highlights	
Key figures	
Revenue	17.040
Gross profit/loss	(41.849)
Operating profit/loss	(47.502)
Net financials	8.532
Profit/loss for the year	372.983
Total assets	581.827
Investments in property, plant and equipment	1.450
Equity	517.407
Equity excl minority interests	144.867
Cash flows from (used in) operating activities	(51.592)
Cash flows from (used in) investing activities	397.779
Cash flows from (used in) financing activities	(70.443)
Average numbers of employees	8

Ratios

Gross margin (%)	(245,6)
Return on equity (%)	400,1

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.

Management commentary

Primary activities

The primary activity of the group is investments in other companies either alone or together with partners. The portfolio of companies consists of a number of companies who's primary activity is within land and forestry and companies who have agriculture as their primary target group. Other main target groups are pet food and fish feed factories (Graintec).

The main activities also comprises investment in real estate.

Development in activities and finances

It is the company's first financial year. The company has been formed in connection with a change in the Group structure.

The group company Thoraso Invest ApS sold as per the 30th of November their 90% ownership of SKIOLD A/S with a satisfying result.

The result for 1/1-30/11 from SKIOLD A/S is included in the income statement, however SKIOLD A/S is not included in the consolidation for 2017, due to the disinvestment. We refer to note 5 in the consolidated financial statement.

The group has acquired 10 % of the company SKIOLD Group A/S.

The result for the year is realized better than expected due to the sale of SKIOLD A/S shares. The development in the other activities has followed the expectation at the beginning of the year.

Uncertainty relating to recognition and measurement

The group has provided a loan to DUI Holding A/S for an amount of DKK 13 mio., and has further provided a surety commitment for up to DKK. 4 mio. It is the assesment of the management that it is not necessary to make any provisions in this respect. The assesment is subject to uncertainty.

Outlook

We expect a result before tax in 2018 of 20-25 mio. DKK

Particular risks

As a major part of the portfolio of companies either are located abroad or are exporting, foreign exchange fluctuations will be a risk for the company. Further some of the companies are affected by the development in primarily meat, milk and grain prices.

Intellectual capital resources

The group possesses the professional knowledge required to control and develop the technologies and processes forming part of the principal activities of the group.

Research and development activities

The development activities take place in the individual group companies and focus on a continuous development of new products within the core activities of each company.

Management commentary

Statutory report on corporate social responsibility

The Group has no approved policies regarding corporate social responsibility, including regarding human rights and climatic impacts.

Statutory report on the underrepresented gender

The Executive Board of the parent company consists only of one member. Therefore, the parent company has no policies prepared for the gender.

The group has as its goal to achieve a balanced gender distribution with 2 female representatives in its board of directors within the coming 5 years. The goal has not been obtained yet, however, during 2017 one female member joined the board which is why the gender composition by end of 2017 is one woman and 6 men.

Events after the balance sheet date

The group acquired on 30th of April 2018 further 47,5% of Grintec, and increased the ownership to 90 % in total. Grintec owns 4,7% of the shares and the remaining 5,3 % is owned by management employees.

Consolidated income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>
Revenue	1	17.039.786
Cost of sales		(8.710.998)
Other external expenses	2	(50.177.365)
Gross profit/loss		(41.848.577)
Staff costs	3	(4.264.850)
Depreciation, amortisation and impairment losses		(1.388.834)
Operating profit/loss		(47.502.261)
Income from investments in associates		5.640.733
Income from other fixed asset investments		4.611.618
Other financial income		1.661.907
Impairment losses on financial assets		(31.824)
Other financial expenses		(3.350.634)
Profit/loss before tax		(38.970.461)
Tax on profit/loss for the year	4	314.143
Profit/loss from continuing operations		(38.656.318)
Profit/loss from discontinued operations	5	411.639.246
Profit/loss for the year	6	372.982.928

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>
Completed development projects		0
Acquired intangible assets		30.350
Goodwill		0
Development projects in progress		0
Intangible assets	7	<u>30.350</u>
Land and buildings		81.106.116
Plant and machinery		0
Other fixtures and fittings, tools and equipment		85.811
Leasehold improvements		0
Property, plant and equipment	8	<u>81.191.927</u>
Investments in associates		45.109.508
Receivables from associates		55.072.740
Other investments		83.892.136
Deposits		5.900
Other receivables		30.844.478
Fixed asset investments	9	<u>214.924.762</u>
Fixed assets		<u>296.147.039</u>
Manufactured goods and goods for resale		5.559.648
Inventories		<u>5.559.648</u>

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>
Trade receivables		758.448
Receivables from associates		53.438
Dividends receivable from associates		169.886
Deferred tax	11	725.237
Other receivables		2.313.308
Prepayments	12	302.931
Receivables		<u>4.323.248</u>
Cash		<u>275.797.204</u>
Current assets		<u>285.680.100</u>
Assets		<u>581.827.139</u>

Consolidated balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>
Contributed capital		50.000
Retained earnings		141.817.229
Proposed dividend		3.000.000
Equity attributable to the Parent's owners		144.867.229
Share of equity attributable to minority interests		372.539.437
Equity		517.406.666
Other provisions		3.801.133
Provisions		3.801.133
Mortgage debt		52.855.056
Deposits		1.151.418
Non-current liabilities other than provisions	13	54.006.474
Current portion of long-term liabilities other than provisions	13	641.476
Bank loans		53.666
Prepayments received from customers		940.823
Trade payables		1.945.924
Other payables		3.030.977
Current liabilities other than provisions		6.612.866
Liabilities other than provisions		60.619.340
Equity and liabilities		581.827.139
Associates	10	
Assets charged and collateral	15	
Transactions with related parties	16	
Subsidiaries	17	

Consolidated statement of changes in equity for 2017

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Share of equity attributable to minority interests DKK
Contributed upon formation	50.000	41.509.775	0	106.867.994
Exchange rate adjustments	0	(1.021.024)	0	(2.625.491)
Other entries on equity	0	(100.105)	0	(257.411)
Profit/loss for the year	0	101.428.583	3.000.000	268.554.345
Equity end of year	50.000	141.817.229	3.000.000	372.539.437
				Total DKK
Contributed upon formation				148.427.769
Exchange rate adjustments				(3.646.515)
Other entries on equity				(357.516)
Profit/loss for the year				372.982.928
Equity end of year				517.406.666

Consolidated cash flow statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>
Operating profit/loss		(47.502.261)
Amortisation, depreciation and impairment losses		1.388.834
Working capital changes	14	(3.246.007)
Cash flow from ordinary operating activities		(49.359.434)
Financial income received		1.661.907
Financial income paid		(3.350.634)
Income taxes refunded/(paid)		(544.290)
Cash flows from operating activities		(51.592.451)
Acquisition etc of intangible assets		(1.450.288)
Acquisition etc of property, plant and equipment		(4.148)
Acquisition of fixed asset investments		(59.875.131)
Sale of fixed asset investments		500.000
Disposal of enterprises		507.411.072
Cash and cash equivalents addition through business combinations etc		(48.802.592)
Cash flows from investing activities		397.778.913
Repayments of loans etc		(91.624.810)
Dividend paid		(300.000)
Dividend from associates		32.519.886
Cash and cash equivalents related to discontinued operations		(11.038.000)
Cash flows from financing activities		(70.442.924)
Increase/decrease in cash and cash equivalents		275.743.538
Cash and cash equivalents end of year		275.743.538
Cash and cash equivalents at year-end are composed of:		
Cash		275.797.204
Short-term debt to banks		(53.666)
Cash and cash equivalents end of year		275.743.538

Notes to consolidated financial statements

	2017 DKK
1. Revenue	
EU	17.039.786
	17.039.786
	2017 DKK
2. Fees to the auditor appointed by the Annual General Meeting	
Statutory audit services	336.000
Tax services	188.300
Other services	237.000
	761.300
	2017 DKK
3. Staff costs	
Wages and salaries	3.842.874
Pension costs	356.075
Other social security costs	65.901
	4.264.850
Average number of employees	8
	2017 DKK
4. Tax on profit/loss for the year	
Change in deferred tax	(314.143)
	(314.143)
	2017 DKK
5. Discontinued operations	
Income statement	
Revenue	496.073.964
Other operation income	1.043.855
Cost of sales	(226.465.097)
Other expenses	(235.130.372)
Financials, netto	4.207.206
Profit/loss for the period	39.729.556
Gains or losses from disposals etc	374.731.918
Pre-tax profit/loss from discontinued operations	414.461.474
Tax on profit/loss from discontinued operations	(2.822.228)
Post-tax profit/loss from discontinued operations	411.639.246

Notes to consolidated financial statements

	2017 DKK
Revenue by geographical market	
Revenue EU	288.094.154
Revenue outside EU	207.979.810
	<u>496.073.964</u>
Revenue by activity	
Processing plant and equipment	260.377.931
Livestock farming and equipment	235.696.033
	<u>496.073.964</u>

Average number of employees from discontinued operations is 459.

	2017 DKK
6. Proposed distribution of profit/loss	
Ordinary dividend for the financial year	3.000.000
Retained earnings	101.428.583
Minority interests' share of profit/loss	268.554.345
	<u>372.982.928</u>

	Completed develop- ment projects DKK	Acquired intangible assets DKK	Goodwill DKK	Develop- ment projects in progress DKK
7. Intangible assets				
Addition through business combinations etc	35.421.874	13.733.624	42.442.103	3.090.882
Disposals on divestments etc	(35.421.874)	(13.669.224)	0	(3.090.882)
Additions	0	4.148	0	0
Disposals	0	0	(42.442.103)	0
Cost end of year	<u>0</u>	<u>68.548</u>	<u>0</u>	<u>0</u>
Addition through business combinations etc	(23.092.842)	(9.914.967)	(17.499.062)	0
Amortisation for the year	0	(27.367)	0	0
Reversal regarding disposals	23.092.842	9.904.136	17.499.062	0
Amortisation and impairment losses end of year	<u>0</u>	<u>(38.198)</u>	<u>0</u>	<u>0</u>
Carrying amount end of year	<u>0</u>	<u>30.350</u>	<u>0</u>	<u>0</u>

Notes to consolidated financial statements

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
8. Property, plant and equipment				
Addition through business combinations etc	154.515.986	76.358.421	13.643.278	470.182
Disposals on divestments etc	(68.941.020)	(76.358.421)	(12.479.227)	(470.182)
Additions	1.450.288	0	0	0
Cost end of year	87.025.254	0	1.164.051	0
Addition through business combinations etc	25.828.925	0	0	0
Disposals on divestments etc	(25.828.925)	0	0	0
Revaluations end of year	0	0	0	0
Addition through business combinations etc	(57.601.030)	(64.488.952)	(11.380.394)	(284.415)
Depreciation for the year	(1.330.958)	0	(30.509)	0
Reversal regarding disposals	53.012.850	64.488.952	10.332.663	284.415
Depreciation and impairment losses end of year	(5.919.138)	0	(1.078.240)	0
Carrying amount end of year	81.106.116	0	85.811	0

Notes to consolidated financial statements

	Investments in associates DKK	Receivables from associates DKK	Other investments DKK	Deposits DKK
9. Fixed asset investments				
Addition through business combinations etc	32.155.791	50.238.711	37.361.994	528.468
Disposals on divestments etc	(9.084.256)	0	0	(522.568)
Additions	0	5.334.029	38.766.286	0
Disposals	0	(500.000)	0	0
Cost end of year	23.071.535	55.072.740	76.128.280	5.900
Addition through business combinations etc	23.083.732	0	3.152.238	0
Disposals on divestments etc	(1.369.261)	0	0	0
Exchange rate adjustments	(3.646.515)	0	0	0
Adjustments on equity	(357.485)	0	0	0
Amortisation of goodwill	(83.883)	0	0	0
Share of profit/loss for the year	5.431.271	0	0	0
Dividend	(1.019.886)	0	0	0
Revaluations for the year	0	0	4.611.618	0
Revaluations end of year	22.037.973	0	7.763.856	0
Carrying amount end of year	45.109.508	55.072.740	83.892.136	5.900

Notes to consolidated financial statements

	Other receivables DKK
	<u>DKK</u>
9. Fixed asset investments	
Addition through business combinations etc	14.505.495
Disposals on divestments etc	0
Additions	16.338.983
Disposals	0
Cost end of year	<u>30.844.478</u>
Addition through business combinations etc	0
Disposals on divestments etc	0
Exchange rate adjustments	0
Adjustments on equity	0
Amortisation of goodwill	0
Share of profit/loss for the year	0
Dividend	0
Revaluations for the year	0
Revaluations end of year	<u>0</u>
Carrying amount end of year	<u>30.844.478</u>

	Registered in	Equity inte- rest %
	<u>Registered in</u>	<u>%</u>
10. Associates		
Graintec A/S	Vejle	38,5
Graintec Holding ApS	Vejle	33,3
Engsko A/S	Randers	42,5
Danagri 3S Ltd.	Shropshire, England	33,3
DUI Holding A/S	Sønderborg	33,3
Fortin Madrejon A/S	Hjørring	35,7
Scandinavian Farms Invest A/S	Sønderborg	20,0
Wohnen am See Zerndorf GmbH	Königs Wusterhausen, Deutschland	22,5

Notes to consolidated financial statements

	2017 DKK
11. Deferred tax	
Changes during the year	
Recognised in the income statement	314.143
Reversal regarding disposals	(1.752.998)
Addition through business combinations etc	2.164.092
End of year	725.237

Tax assets comprises tangible fixed assets, current investments and tax losses carried forward.

Deferred tax asset is recognized as a result of the management' expectation that the tax loss can be used within a short period of time.

12. Prepayments

Prepayments comprise incurred cost relating to subsequent financial year. Prepayments is prepaid insurance and other prepaid costs.

	Due within 12 months 2017 DKK	Due after more than 12 months 2017 DKK	Outstanding after 5 years DKK
13. Liabilities other than provisions			
Mortgage debt	641.476	52.855.056	45.177.832
Deposits	0	1.151.418	0
	641.476	54.006.474	45.177.832

	2017 DKK
14. Change in working capital	
Increase/decrease in inventories	(145.834)
Increase/decrease in receivables	(8.526.106)
Increase/decrease in trade payables etc	5.425.933
	(3.246.007)

15. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

Mortgage debt of DKK 53,5m nominal is secured by way of mortgage on properties with a book value of DKK 81,1m.

Notes to consolidated financial statements

The group has towards financial institutions supplied guarantees for a part of bank engagements with subsidiary and associated companies for an amount of up to DKK 48,4m. The actual guarantee comprises DKK 47,2m. at the balance day.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK 43m nominal.

As security for bank loans in the associated company Engsko A/S, Thoraso ApS has as collateral, supplied security in stocks. There are no bank loans in Engsko A/S at the balance sheet day. Thoraso ApS has supplied a limited collateral for Engsko A/S and United Millings Systems ApS. The limitation consists of 50%.

16. Transactions with related parties

The annual report discloses transactions with related parties that are not conducted on market terms. All transactions were made on terms equivalent to arm's length principles.

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>
17. Subsidiaries			
Thoraso Invest ApS	Hjørring	ApS	100,0
DK-Tec A/S	Nyborg	A/S	100,0
Thoraso ApS *)	Hjørring	ApS	28,0

*) The group owns 28% of the A-shares in Thoraso ApS.

Parent income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>
Other external expenses		(20.000)
Operating profit/loss		(20.000)
Income from investments in group enterprises		104.437.801
Other financial income		11.063
Other financial expenses	1	(3.281)
Profit/loss before tax		104.425.583
Tax on profit/loss for the year	2	3.000
Profit/loss for the year	3	104.428.583

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>
Investments in group enterprises		144.876.447
Other investments		6.127.119
Fixed asset investments	4	<u>151.003.566</u>
Fixed assets		<u>151.003.566</u>
Deferred tax	5	3.000
Prepayments	6	48.849
Receivables		<u>51.849</u>
Cash		<u>835.095</u>
Current assets		<u>886.944</u>
Assets		<u>151.890.510</u>

Parent balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>
Contributed capital		50.000
Reserve for net revaluation according to the equity method		103.316.672
Retained earnings		38.500.557
Proposed dividend		3.000.000
Equity		<u>144.867.229</u>
Trade payables		20.000
Payables to group enterprises		7.003.281
Current liabilities other than provisions		<u>7.023.281</u>
Liabilities other than provisions		<u>7.023.281</u>
Equity and liabilities		<u>151.890.510</u>
Contingent liabilities	7	
Related parties with controlling interest	8	
Transactions with related parties	9	

Parent statement of changes in equity for 2017

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend DKK
Contributed upon formation	50.000	0	41.509.775	0
Exchange rate adjustments	0	(1.021.024)	0	0
Other entries on equity	0	(100.105)	0	0
Transfer to reserves	0	104.437.801	(104.437.801)	0
Profit/loss for the year	0	0	101.428.583	3.000.000
Equity end of year	50.000	103.316.672	38.500.557	3.000.000
				Total DKK
Contributed upon formation				41.559.775
Exchange rate adjustments				(1.021.024)
Other entries on equity				(100.105)
Transfer to reserves				0
Profit/loss for the year				104.428.583
Equity end of year				144.867.229

Notes to parent financial statements

	2017	
	DKK	
1. Other financial expenses		
Financial expenses from group enterprises	3.281	
	3.281	
	2017	
	DKK	
2. Tax on profit/loss for the year		
Change in deferred tax	(3.000)	
	(3.000)	
	2017	
	DKK	
3. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	3.000.000	
Retained earnings	101.428.583	
	104.428.583	
	Invest-	Other
	ments in	investments
	group	DKK
	enterprises	DKK
	DKK	
4. Fixed asset investments		
Addition through business combinations etc	41.559.775	0
Additions	0	6.127.119
Cost end of year	41.559.775	6.127.119
Exchange rate adjustments	(1.021.024)	0
Adjustments on equity	(100.105)	0
Share of profit/loss for the year	104.437.801	0
Revaluations end of year	103.316.672	0
Carrying amount end of year	144.876.447	6.127.119

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

	2017
	DKK
5. Deferred tax	
Changes during the year	
Recognised in the income statement	3.000
End of year	3.000

Tax assets comprises tax losses carried forward.

Deferred tax asset is recognized as a result of the management' expectation that the tax loss can be used within a short period of time.

6. Prepayments

Prepayments comprise incurred cost relating to subsequent financial year. Prepayments is prepaid insurance and other prepaid costs.

7. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

8. Related parties with controlling interest

Principal shareholder Henrik Hougaard, Skaarupgaard 59, Tolne, 9870 Sindal has controlling interest.

9. Transactions with related parties

The annual report discloses transactions with related parties that are not conducted on market terms. All transactions were made on terms equivalent to arm's length principles.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

It is the company's first financial year. The company has been formed in connection with a change in the Group structure.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Business combinations

The uniting-of-interests method is applied on exchanges of shares, where the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or

Accounting policies

financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries which are considered part of the total investment in the subsidiary in question are classified directly as equity.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Revenue from rent is recognised in the income statement when the rent matures. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Accounting policies

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of internal profits or losses.

Income from other fixed asset investments

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc on fixed asset investments which are not investments in group enterprises or associates.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile, and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5-10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc

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.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining duration of the relevant rights. The amortisation periods used are 2-7 years.

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

Accounting policies

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

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

Indirect production costs in the form of indirect attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings (residual value: 0-50%)	25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment (residual value: 0-20%)	3-10 years
Leasehold improvements	5 years

For leasehold improvements the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits and losses.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity values plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses.

Associates with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation is imminent, a provision is recognised that is measured at present of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date and unlisted investments measured at the lower of cost and net realisable value.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

Accounting policies

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Minority interests

Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at

Accounting policies

amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.