ALLFLEX dan-mark ApS

Rugmarken 31, DK-7620 Lemvig

Annual Report for 2023

CVR No. 78 47 93 10

The Annual Report was presented and adopted at the Annual General Meeting of the company on 4/7 2024

Hilde Myrvang Male
Chairman of the general meeting

Contents

Management's statement

The Executive Board has today considered and adopted the Annual Report of ALLFLEX dan-mark ApS for the financial year 1 January - 31 December 2023.

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

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

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

Lemvig, 4 July 2024

Executive Board

Wenche Wikan Ligård Executive Officer	Hilde Myrvang Male Executive Officer

Independent Practitioner’s Extended Review Report

To the shareholder of ALLFLEX dan-mark ApS

Conclusion

We have performed an extended review of the Financial Statements of ALLFLEX dan-mark ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. 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 2023 and of the results of the Company´s operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority´s 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 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.

Statement on Management’s Review

Management is responsible for Management’s Review.

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

Independent Practitioner's Extended Review Report

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

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

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

Hellerup, 4 July 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Thomas Lauritsen
State Authorised Public Accountant
mne34342

Company information

The Company	ALLFLEX dan-mark ApS Rugmarken 31 7620 Lemvig Telephone: 97 81 15 55 Website: www.allflex.dk CVR No: 78 47 93 10 Financial period: 1 January - 31 December Financial year: 39th financial year Municipality of reg. office: Lemvig
Executive Board	Wenche Wikan Ligård Hilde Myrvang Male
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's review

Key activities

The Company's main activity is the manufacture and sale of earmarking products to the agricultural sector.

Development in the year

The income statement of the Company for 2023 shows a profit of DKK 7,079,252 and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 50,459,145.

The Company and it's parent company, DSD-Holding ApS, was merged per July 3, 2023, and as a consequence the comparative figures for 2022 has been updated. In connection with the merger, the Company has recognized goodwill amounting to DKK 21,260,048 for the year. Additionally, the Company has received a capital contribution from the parentcompany to offset the debt from the acquisition of Allflex Danmark ApS.

Furthermore, during the year, the company sold its subsidiary OIS Hellas.

Unusual events

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

Subsequent events

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

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Gross profit		**23,257,448**	**20,706,137**
Distribution expenses	1	-2,184,125	-2,822,965
Administrative expenses	1	-11,463,247	-9,482,803
Profit/loss before financial income and expenses		**9,610,076**	**8,400,369**
Financial income	2	293,279	126,710
Financial expenses	3	-34,456	-67,692
Profit/loss before tax		**9,868,899**	**8,459,387**
Tax on profit/loss for the year	4	-2,789,647	-2,835,292
Net profit/loss for the year		**7,079,252**	**5,624,095**

Distribution of profit

	2023	2022
	DKK	DKK
Proposed distribution of profit		
Proposed dividend for the year	20,000,000	0
Retained earnings	-12,920,748	5,624,095
	7,079,252	**5,624,095**

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Goodwill		21,260,048	25,512,058
Intangible assets	5	**21,260,048**	**25,512,058**
Land and buildings		1,182,761	1,231,839
Other fixtures and fittings, tools and equipment		2,718,006	1,929,157
Property, plant and equipment	6	**3,900,767**	**3,160,996**
Fixed assets		**25,160,815**	**28,673,054**
Raw materials and consumables		7,472,753	3,635,778
Inventories		**7,472,753**	**3,635,778**
Trade receivables		4,314,365	3,158,860
Receivables from group enterprises		0	1,970,355
Other receivables		853,289	853,084
Deferred tax asset		3,577	23,352
Corporation tax		0	2,200
Prepayments		188,448	96,828
Receivables		**5,359,679**	**6,104,679**
Cash at bank and in hand		**21,284,128**	**18,256,648**
Current assets		**34,116,560**	**27,997,105**
Assets		**59,277,375**	**56,670,159**

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		201,000	201,000
Retained earnings		30,258,145	25,331,070
Proposed dividend for the year		20,000,000	0
Equity		**50,459,145**	**25,532,070**
Credit institutions		52	7,920
Trade payables		751,280	2,667,088
Payables to group enterprises		2,035,120	23,517,681
Corporation tax		3,107,465	2,763,970
Other payables		2,924,313	2,181,430
Short-term debt		**8,818,230**	**31,138,089**
Debt		**8,818,230**	**31,138,089**
Liabilities and equity		**59,277,375**	**56,670,159**
Contingent assets, liabilities and other financial obligations	7		
Accounting Policies	8		

Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	201,000	15,443,309	25,280,491	40,924,800
Net effect from merger and acquisition under the uniting of interests method	0	9,887,761	-25,280,491	-15,392,730
Adjusted equity at 1 January	201,000	25,331,070	0	25,532,070
Cash capital increase	0	17,847,823	0	17,847,823
Net profit/loss for the year	0	-12,920,748	20,000,000	7,079,252
Equity at 31 December	**201,000**	**30,258,145**	**20,000,000**	**50,459,145**

Notes to the Financial Statements

1. Staff

	2023	2022
	DKK	DKK
Wages and salaries	5,441,450	5,122,480
Other social security expenses	33,711	91,083
Other staff expenses	0	-5,660
	5,475,161	**5,207,903**

Wages and salaries, pensions, other social security expenses and other staff expenses are recognised in the following items:

	2023	2022
Production expenses	1,590,948	1,735,796
Distribution expenses	450,616	1,394,780
Administrative expenses	3,433,597	2,077,327
	5,475,161	**5,207,903**
Average number of employees	**10**	**12**

2. Financial income

	2023	2022
	DKK	DKK
Other financial income	293,279	126,710
	293,279	**126,710**

3. Financial expenses

	2023	2022
	DKK	DKK
Other financial expenses	34,456	67,692
	34,456	**67,692**

Notes to the Financial Statements

4. Income tax expense

	2023	2022
	DKK	DKK
Current tax for the year	3,107,465	2,761,770
Deferred tax for the year	19,775	73,522
Adjustment of tax concerning previous years	-337,593	0
	2,789,647	**2,835,292**

5. Intangible fixed assets

	Goodwill
	DKK
Cost at 1 January	42,520,097
Cost at 31 December	42,520,097
Impairment losses and amortisation at 1 January	17,008,039
Amortisation for the year	4,252,010
Impairment losses and amortisation at 31 December	21,260,049
Carrying amount at 31 December	**21,260,048**
Amortised over	10 years

Notes to the Financial Statements

6. Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January	4,125,703	4,044,520
Additions for the year	0	1,715,964
Disposals for the year	0	-190,220
Cost at 31 December	4,125,703	5,570,264
Impairment losses and depreciation at 1 January	2,893,864	2,115,363
Depreciation for the year	49,078	927,115
Impairment and depreciation of sold assets for the year	0	-190,220
Impairment losses and depreciation at 31 December	2,942,942	2,852,258
Carrying amount at 31 December	**1,182,761**	**2,718,006**
Depricated over	25 years	3-10 years

	2023	2022
	DKK	DKK

7. Contingent assets, liabilities and other financial obligations

Rental and lease obligations		
Lease obligations, period of non-terminability 1 month	600	600

Notes to the Financial Statements

8. Accounting policies

The Annual Report of ALLFLEX dan-mark ApS for 2023 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 2023 are presented in DKK.

Merger with parent company, DSD-Holding ApS

In July 2023, the merger between DSD-Holding ApS and its wholly-owned subsidiary Allflex Dan-mark ApS was approved, with Allflex Dan-mark ApS as the continuing Company. The merger has accounting effect as of 1 January 2023.

The merger has been accounted for under the pooling-of-interest method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. The pooling-of-Interest method is applied as if the two enterprises had always been combined by restating the comparative figures.

Thus, the income statement for 2023 has been restated to reflect the income of the former parent company, DSD-Holding ApS and Allflex Dan-mark ApS for 2022. The merger has resulted in a decrease in the result for 2022 of DKK 4,273k an decrease of the Company's equity in an amount of DKK 15,393k as of 1 January 2023.

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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition.

The time of acquisition is the time when the Group obtains control of the entity acquired.

Notes to the Financial Statements

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied at the date of acquisition, and comparative figures have not been restated.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

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

Translation policies

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

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

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

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.

Production expenses

Production expenses comprise costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue and production expenses.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Balance sheet

Intangible fixed assets

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

Property, plant and equipment

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

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

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction

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:

Other buildings	25 years
Other fixtures and fittings, tools and equipment	3-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

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.

Prepayments

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

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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 liabilities

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