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# *NHU/Chr. Olesen Latin America A/S*

Jægersborg Alle 164, DK-2820 Gentofte

## Annual Report for 2024

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CVR No. 42 05 56 70

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 30/6 2025

Mads Chr. Olesen  
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 NHU/Chr. Olesen Latin America A/S for the financial year 1 January - 31 December 2024.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2024.

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

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

Gentofte, 30 June 2025

## Executive Board

Mads Chr. Olesen  
CEO

## Board of Directors

Gustavo Penz  
Chairman

Mads Chr. Olesen

Wang Xuewen

# Independent Auditor's report

To the shareholders of NHU/Chr. Olesen Latin America A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of NHU/Chr. Olesen Latin America A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

## Basis for Opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

## Management's responsibilities for the Financial Statements

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

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

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

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

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

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

Hellerup, 30 June 2025

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Ulrik Ræbild

State Authorised Public Accountant

mne33262

Kristian Højgaard Carlsen

State Authorised Public Accountant

mne44112

## Company information

**The Company** NHU/Chr. Olesen Latin America A/S  
Jægersborg Alle 164  
DK-2820 Gentofte  
CVR No: 42 05 56 70  
Financial period: 1 January - 31 December  
Incorporated: 24 January 2021  
Financial year: 4th financial year  
Municipality of reg. office: Gentofte

**Board of Directors** Gustavo Penz, chairman  
Mads Chr. Olesen  
Wang Xuewen

**Executive Board** Mads Chr. Olesen

**Auditors** PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

**Bankers** Sydbank  
Vingårdsgade 21  
9000 Aalborg

# Financial Highlights

Seen over a 2-year period, the development of the Group is described by the following financial highlights:

	<b>Group</b>	
	2024	2023
	TEUR	TEUR
<b>Key figures</b>		
<b>Profit/loss</b>		
Revenue	200,913	118,031
Gross profit	8,831	5,398
Profit/loss of primary operations	6,550	3,835
Profit/loss of financial income and expenses	-1,086	-800
Net profit/loss for the year	4,456	2,068
<b>Balance sheet</b>		
Balance sheet total	115,306	66,817
Equity	9,538	5,650
<b>Cash flows</b>		
Cash flows from:		
- operating activities	-5,998	-912
- investing activities	-52	-346
- financing activities	6,022	2,775
Change in cash and cash equivalents for the year	-28	1,517
Number of employees	51	36
<b>Ratios</b>		
Gross margin	4.4%	4.6%
Profit margin	3.3%	3.2%
Return on assets	5.7%	5.7%
Solvency ratio	8.3%	8.5%
Return on equity	58.7%	64.8%

Financial highlights are shown for the period in which consolidated financial statements have been prepared.

# Management's review

## Key activities

The company operates within international distribution of ingredients and additives for animal feed (FEED),

Along with the actual trading of the products (buying and selling), NHU/Chr. Olesen Latin America A/S (Group) is highly specialized in the service required to be able to deliver the products – i.e. shipping, warehouse management, financing, insurance, bookkeeping and quality management.

The Group has 51 employees at the end of the financial year

## Development in the year

The income statement of the Group for 2024 shows a profit of EUR 4,456,072, and at 31 December 2024 the balance sheet of the Group shows a positive equity of EUR 9,538,007.

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

Revenue for the year is at the expected level.

In this financial year, the group has, further, consolidated the previous years of investments in human equity.

Therefore, the management is satisfied with the result.

## Capital resources

The credit facilities of the Group are renegotiated every year in January/February. Credit facilities of the same level are expected to be negotiated as last year.

## Special risks - operating risks and financial risks

A significant part of the Group's transactions take place in foreign currencies. As an element in the Group's business strategy, the management has determined that day-to-day foreign currency exposures should be hedged by periodical borrowing or placement of funds in foreign currencies.

## Targets and expectations for the year ahead

The Group will continue the strategy of growing and consolidating to develop the business in the long-term perspective.

In the coming year, special emphasis will be placed in entering into new regions and product lines.

Although the need of consolidating the new investments in the coming years, the Group will remain positive towards investments in new relevant areas to further broaden its activities.

Management expects increased revenue for the upcoming year of 2025.

## Statement of corporate social responsibility

Chr. Olesen's sustainability report, which is part of this management report, can be found at Chr. Olesen Group's website: <https://www.chr-olesen.dk/sustainability/>

The report covers Chr. Olesen Group's companies - including Chr. Olesen A/S. The report includes reporting in accordance with both §99a and §99d.

## Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

# Management's review

## Unusual events

The financial position at 31 December 2024 of the Group and the results of the activities and cash flows of the Group for the financial year for 2024 have not been affected by any unusual events.

## Subsequent events

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

## Income statement 1 January - 31 December

	Note	Group		Parent company	
		2024	2023	2024	2023
		EUR	EUR	EUR	EUR
Revenue	1	200,912,763	118,030,579	56,091,816	31,371,320
Expenses for raw materials and consumables		-190,770,263	-111,443,227	-53,466,299	-29,591,419
Other external expenses		-1,311,543	-1,189,032	-522,306	-439,931
<b>Gross profit</b>		<b>8,830,957</b>	<b>5,398,320</b>	<b>2,103,211</b>	<b>1,339,970</b>
Staff expenses	2	-2,184,390	-1,536,369	-573,508	-538,489
Depreciation and impairment losses of property, plant and equipment	3	-96,538	-26,510	0	0
<b>Profit/loss before financial income and expenses</b>		<b>6,550,029</b>	<b>3,835,441</b>	<b>1,529,703</b>	<b>801,481</b>
Financial income	4	235,494	61,316	386,597	61,316
Financial expenses	5	-1,321,634	-861,014	-330,888	-223,639
<b>Profit/loss before tax</b>		<b>5,463,889</b>	<b>3,035,743</b>	<b>1,585,412</b>	<b>639,158</b>
Tax on profit/loss for the year	6	-1,007,817	-967,323	-348,791	-140,998
<b>Net profit/loss for the year</b>	7	<b>4,456,072</b>	<b>2,068,420</b>	<b>1,236,621</b>	<b>498,160</b>

## Balance sheet 31 December

### Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		EUR	EUR	EUR	EUR
Other fixtures and fittings, tools and equipment		244,554	347,993	0	0
<b>Property, plant and equipment</b>	<b>8</b>	<b>244,554</b>	<b>347,993</b>	<b>0</b>	<b>0</b>
Investments in subsidiaries	9	0	0	884,197	884,197
<b>Fixed asset investments</b>		<b>0</b>	<b>0</b>	<b>884,197</b>	<b>884,197</b>
<b>Fixed assets</b>		<b>244,554</b>	<b>347,993</b>	<b>884,197</b>	<b>884,197</b>
Finished goods and goods for resale		53,234,669	29,293,595	0	0
<b>Inventories</b>		<b>53,234,669</b>	<b>29,293,595</b>	<b>0</b>	<b>0</b>
Trade receivables		53,899,030	26,956,458	22,484,491	11,782,174
Receivables from group enterprises		165,982	1,403,924	331,926	847,737
Other receivables		4,489,262	5,514,236	83,372	61,471
<b>Receivables</b>		<b>58,554,274</b>	<b>33,874,618</b>	<b>22,899,789</b>	<b>12,691,382</b>
Cash at bank and in hand		3,272,711	3,300,392	0	103,436
<b>Current assets</b>		<b>115,061,654</b>	<b>66,468,605</b>	<b>22,899,789</b>	<b>12,794,818</b>
<b>Assets</b>		<b>115,306,208</b>	<b>66,816,598</b>	<b>23,783,986</b>	<b>13,679,015</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	Group		Parent company	
		2024	2023	2024	2023
		EUR	EUR	EUR	EUR
Share capital	10	67,237	67,237	67,237	67,237
Retained earnings		9,231,492	5,406,240	2,399,181	1,162,560
<b>Equity attributable to shareholders of the Parent Company</b>		<b>9,298,729</b>	<b>5,473,477</b>	<b>2,466,418</b>	<b>1,229,797</b>
Minority interests		239,278	176,858	0	0
<b>Equity</b>		<b>9,538,007</b>	<b>5,650,335</b>	<b>2,466,418</b>	<b>1,229,797</b>
Credit institutions		14,402,203	8,380,681	2,209,334	1,614,249
Trade payables		1,515,575	1,892,416	163,662	120,748
Payables to group enterprises		87,226,958	49,091,645	18,591,910	10,587,042
Payables to associates		87,000	87,000	87,000	87,000
Corporation tax		265,662	40,179	265,662	40,179
Other payables		2,270,803	1,674,342	0	0
<b>Short-term debt</b>		<b>105,768,201</b>	<b>61,166,263</b>	<b>21,317,568</b>	<b>12,449,218</b>
<b>Debt</b>		<b>105,768,201</b>	<b>61,166,263</b>	<b>21,317,568</b>	<b>12,449,218</b>
<b>Liabilities and equity</b>		<b>115,306,208</b>	<b>66,816,598</b>	<b>23,783,986</b>	<b>13,679,015</b>
Contingent assets, liabilities and other financial obligations	13				
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## Statement of changes in equity

### Group

	Share capital	Retained earnings	Equity excl. minority interests	Minority interests	Total
	EUR	EUR	EUR	EUR	EUR
Equity at 1 January	67,237	5,406,240	5,473,477	176,858	5,650,335
Exchange adjustments	0	-579,378	-579,378	10,978	-568,400
Net profit/loss for the year	0	4,404,630	4,404,630	51,442	4,456,072
<b>Equity at 31 December</b>	<b>67,237</b>	<b>9,231,492</b>	<b>9,298,729</b>	<b>239,278</b>	<b>9,538,007</b>

### Parent company

	Share capital	Retained earnings	Total
	EUR	EUR	EUR
Equity at 1 January	67,237	1,162,560	1,229,797
Net profit/loss for the year	0	1,236,621	1,236,621
<b>Equity at 31 December</b>	<b>67,237</b>	<b>2,399,181</b>	<b>2,466,418</b>

## Cash flow statement 1 January - 31 December

	Note	Group	
		2024	2023
		EUR	EUR
Result of the year		4,456,072	2,068,420
Adjustments	11	1,454,929	2,057,483
Change in working capital	12	-10,040,184	-3,271,524
<b>Cash flow from operations before financial items</b>		<b>-4,129,183</b>	<b>854,379</b>
Financial income		235,494	61,316
Financial expenses		-1,321,634	-861,014
<b>Cash flows from ordinary activities</b>		<b>-5,215,323</b>	<b>54,681</b>
Corporation tax paid		-782,334	-966,726
<b>Cash flows from operating activities</b>		<b>-5,997,657</b>	<b>-912,045</b>
Purchase of property, plant and equipment		-51,546	-345,893
<b>Cash flows from investing activities</b>		<b>-51,546</b>	<b>-345,893</b>
Raising of loans from credit institutions		6,021,522	2,775,055
<b>Cash flows from financing activities</b>		<b>6,021,522</b>	<b>2,775,055</b>
<b>Change in cash and cash equivalents</b>		<b>-27,681</b>	<b>1,517,117</b>
Cash and cash equivalents at 1 January		3,300,392	1,783,275
<b>Cash and cash equivalents at 31 December</b>		<b>3,272,711</b>	<b>3,300,392</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		3,272,711	3,300,392
<b>Cash and cash equivalents at 31 December</b>		<b>3,272,711</b>	<b>3,300,392</b>

# Notes to the Financial Statements

	<b>Group</b>		<b>Parent company</b>	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
<b>1. Revenue</b>				
<b>Geographical segments</b>				
South America	200,912,763	118,030,579	56,091,816	31,371,320
	<b>200,912,763</b>	<b>118,030,579</b>	<b>56,091,816</b>	<b>31,371,320</b>
<b>Business segments</b>				
Feed	200,912,763	118,030,579	56,091,816	31,371,320
	<b>200,912,763</b>	<b>118,030,579</b>	<b>56,091,816</b>	<b>31,371,320</b>
	<b>Group</b>		<b>Parent company</b>	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
<b>2. Staff expenses</b>				
Wages and salaries	2,184,390	1,536,369	573,508	538,489
	<b>2,184,390</b>	<b>1,536,369</b>	<b>573,508</b>	<b>538,489</b>
<b>Including remuneration to the Executive Board</b>	<b>81,626</b>	<b>63,947</b>	<b>81,626</b>	<b>63,947</b>
<b>Average number of employees</b>	<b>51</b>	<b>36</b>	<b>13</b>	<b>12</b>
	<b>Group</b>		<b>Parent company</b>	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
<b>3. Depreciation and impairment losses of property, plant and equipment</b>				
Depreciation of property, plant and equipment	96,538	26,510	0	0
	<b>96,538</b>	<b>26,510</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements

	<b>Group</b>		<b>Parent company</b>	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
<b>4. Financial income</b>				
Interest from group enterprises	0	0	219,309	0
Interest from associates	0	60,951	0	60,951
Other financial income	68,622	365	416	365
Exchange gains	166,872	0	166,872	0
	<b>235,494</b>	<b>61,316</b>	<b>386,597</b>	<b>61,316</b>

	<b>Group</b>		<b>Parent company</b>	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
<b>5. Financial expenses</b>				
Interest to associates	10,807	8,459	10,807	0
Other financial expenses	1,310,827	821,007	320,081	192,091
Exchange loss	0	31,548	0	31,548
	<b>1,321,634</b>	<b>861,014</b>	<b>330,888</b>	<b>223,639</b>

	<b>Group</b>		<b>Parent company</b>	
	2024	2023	2024	2023
	EUR	EUR	EUR	EUR
<b>6. Income tax expense</b>				
Current tax for the year	1,007,817	966,927	348,791	140,602
Adjustment of tax concerning previous years	0	396	0	396
	<b>1,007,817</b>	<b>967,323</b>	<b>348,791</b>	<b>140,998</b>

	<b>Parent company</b>	
	2024	2023
	EUR	EUR
<b>7. Profit allocation</b>		
Retained earnings	1,236,621	498,160
	<b>1,236,621</b>	<b>498,160</b>

# Notes to the Financial Statements

## 8. Property, plant and equipment Group

	Other fixtures and fittings, tools and equipment
	EUR
Cost at 1 January	428,663
Exchange adjustment	-58,448
Additions for the year	51,546
Cost at 31 December	<u>421,761</u>
Impairment losses and depreciation at 1 January	80,669
Depreciation for the year	96,538
Impairment losses and depreciation at 31 December	<u>177,207</u>
<b>Carrying amount at 31 December</b>	<b><u>244,554</u></b>
Amortised over	<u>3-10 years</u>
Including assets under finance leases amounting to	<u>84,807</u>

## 9. Investments in subsidiaries

	<b>Parent company</b>	
	2024	2023
	EUR	EUR
Cost at 1 January	884,197	884,197
Cost at 31 December	<u>884,197</u>	<u>884,197</u>
<b>Carrying amount at 31 December</b>	<b><u>884,197</u></b>	<b><u>884,197</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership and Votes
NHU/Chr. Olesen Latin Ltda	Brazil	BRL 5.000k	100%
NHU/Chr. Olesen Mexico SAPI de CV	Mexico	MXN 2.000k	87%

# Notes to the Financial Statements

## 10. Share capital

The share capital consists of 500,000 shares of a nominal value of DKK 1 (EUR: 0.1345). No shares carry any special rights

## 11. Cash flow statement - Adjustments

	Group	
	2024	2023
	EUR	EUR
Financial income	-235,494	-61,316
Financial expenses	1,321,634	861,014
Depreciation, amortisation and impairment losses, including losses and gains on sales	96,538	26,510
Tax on profit/loss for the year	1,007,817	967,323
Exchange adjustments	-735,566	263,952
	<b>1,454,929</b>	<b>2,057,483</b>

## 12. Cash flow statement - Change in working capital

	Group	
	2024	2023
	EUR	EUR
Change in inventories	-23,941,074	3,282,136
Change in receivables	-24,679,656	7,606,671
Change in trade payables, etc	38,580,546	-14,160,331
	<b>-10,040,184</b>	<b>-3,271,524</b>

Change in trade payables, etc includes changes to other payables, payables to group enterprises, payables to associates and trade payables.

# Notes to the Financial Statements

## 13. Contingent assets, liabilities and other financial obligations

### Other contingent liabilities

NHU/Chr. Olesen Group is in its nature of doing business, part of various customary disputes in South America in particular. It is assessed in all cases to what extent the cases may entail obligations for NHU/Chr. Olesen and the probability thereof. Available information and legal assessments from advisers form the basis for management's estimate. The outcome may be difficult to assess, and the result may naturally differ from management's assessment.

There are no other security and contingent liabilities at 31 December 2024.

## 14. Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
NHU (Hong Kong) Trading Company Ltd.	Parent company - Main shareholder

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

The work of the Board of Directors in NHU/Chr. Olesen Latin America A/S is limited, and therefore no remuneration has been allocated.

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

NHU (Hong Kong) Trading Company Ltd, Hong Kong  
Chr. Olesen Latin America A/S, Gentofte  
Gustavo Luz Penz, Porto Alegre

## 15. Fee to auditors appointed at the general meeting

	<u>Group</u>	
	<u>2024</u>	<u>2023</u>
	EUR	EUR
Audit fee	22,576	29,024
Tax advisory services	2,000	2,000
	<u>24,576</u>	<u>31,024</u>

# Notes to the Financial Statements

## 16. Accounting policies

The Annual Report of NHU/Chr. Olesen Latin America A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2024 are presented in EUR.

### Recognition and measurement

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

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

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

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

### Basis of consolidation

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

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

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

# Notes to the Financial Statements

## Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

### *Business acquisitions carried through before 1 July 2018*

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

### *Business acquisitions carried through on or after 1 July 2018*

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

## Leases

Leases in terms of which the Group 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 Group.

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

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses 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.

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.

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

## Derivative financial instruments

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

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

# Notes to the Financial Statements

## 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 the fair value reserve 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.

## Segment information on revenue

Information on business segments and geographical segments is based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

## Income statement

### Revenue

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

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

### Expenses for raw materials and consumables

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

### Other external expenses

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

### Staff expenses

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

### Amortisation, depreciation and impairment losses

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

# Notes to the Financial Statements

## Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

## 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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

## Balance sheet

### 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 construction period.

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 fixtures and fittings, tools and equipment	3-10 years
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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 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 depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

# Notes to the Financial Statements

## 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 and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

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

## Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

## Deferred tax assets and liabilities

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

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

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

## Current tax receivables and liabilities

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

## Financial liabilities

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

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

## Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

# Notes to the Financial Statements

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

## *Cash flows from operating activities*

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

## *Cash flows from investing activities*

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

## *Cash flows from financing activities*

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

## *Cash and cash equivalents*

Cash and cash equivalents comprise "Cash at bank and in hand".

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

## **Financial Highlights**

### **Explanation of financial ratios**

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