

# Fayrefield Foods A/S

Lysholt Allé 3, 7100 Vejle  
CVR no. 20 28 72 92

## Annual report for 2024

Årsrapporten er godkendt på den  
ordinære generalforsamling, d. 31.03.25

Frank Therkildsen  
Dirigent

*This document contains a Danish version as well as an English version. In the event of any disputes or misunderstandings regarding the interpretation of this document, the Danish version of the document shall prevail.*

**STATSAUTORISERET**  
REVISIONSPARTNERSELSKAB



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### The company

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Fayrefield Foods A/S  
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Registered office: Vejle  
CVR no.: 20 28 72 92  
Financial year: 01.01 - 31.12

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### Executive Board

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Peter Nielsen

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### Board of Directors

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Lars Buhl  
Peter Nielsen  
Susanne Hougaard Steffensen  
Jens Søgaard Jacobsen  
Frank Therkildsen  
Kunmei Lian  
Rasmus Kjær Laursen

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### Auditors

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Beierholm  
Godkendt Revisionspartnerselskab

## Statement by the Executive Board and Board of Directors on the annual report

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We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for Fayrefield Foods A/S.

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 company's assets, liabilities and financial position as at 31.12.24 and of the results of the company's activities and cash flows for the financial year 01.01.24 - 31.12.24.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Vejle, March 31, 2025

### **Executive Board**

Peter Nielsen

### **Board of Directors**

Lars Buhl  
Chairman

Peter Nielsen

Susanne Hougaard  
Steffensen

Jens Søgaard Jacobsen

Frank Therkildsen

Kunmei Lian

Rasmus Kjær Laursen

**To the Shareholder of Fayrefield Foods A/S****Opinion**

We have audited the financial statements of Fayrefield Foods A/S for the financial year 01.01.24 - 31.12.24, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including material accounting policy information. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the company's financial position at 31.12.24 and of the results of the company's operations and cash flows for the financial year 01.01.24 - 31.12.24 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 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 audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Statement on the management's review**

Management is responsible for the management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility 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 by law and regulations.

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

**Management's responsibilities 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.

**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 judgment 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 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 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 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 audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for expressing an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. 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.

Horsens, March 31, 2025

**Beierholm**

Godkendt Revisionspartnerselskab  
CVR no. 32 89 54 68

Morten Klarskov Larsen

State Authorised Public Accountant

MNE-no. mne32736

**FINANCIAL HIGHLIGHTS****Key figures**

Figures in DKK '000	2024	2023	2022	2021	2020
<i>Profit/loss</i>					
Revenue	1,291,231	1,270,912	1,255,348	1,028,483	1,053,195
Gross profit	85,103	74,485	91,780	52,138	44,226
Operating profit	43,235	39,656	51,232	21,888	14,362
Total net financials	-16,726	-16,005	-12,008	-13,287	-221
Profit for the year	21,395	18,408	30,583	12,715	10,653
<i>Balance</i>					
Total assets	393,990	360,096	411,644	424,869	393,440
Investments in property, plant and equipment	2,664	3,811	2,780	2,196	2,417
Equity	95,973	86,275	95,014	68,645	60,999

**Ratios**

	2024	2023	2022	2021	2020
<i>Profitability</i>					
Return on equity	23%	20%	37%	20%	19%
Gross margin	7%	6%	7%	5%	4%
Profit margin	3%	3%	4%	2%	0%
<i>Equity ratio</i>					
Equity ratio including subordinated loans	26%	29%	27%	21%	22%
<i>Others</i>					
Number of employees (average)	40	38	38	38	38

*Ratios definitions*

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Gross margin:	$\frac{\text{Gross result} \times 100}{\text{Revenue}}$
Profit margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Equity ratio including subordinated loans	$\frac{\text{Equity plus subordinated loans} \times 100}{\text{Total equity and liabilities}}$

### Primary activities

As in previous years the main object of the Company has been to conduct trading activities with goods and services primarily within the food industry.

### Development in activities and financial affairs

The income statement for the period 01.01.24 - 31.12.24 shows a profit of DKK 21,395k against DKK 18,408k for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 95,973k.

In the Annual report for 2023 management stated the expectations for 2024 as revenues of DKK 1,600 million and profits before tax of DKK 25 million.

The company realized revenues of DKK 1.291 million which is DKK 309 million less than expected. Profits before tax was realized at DKK 27 million which is DKK 2 more than expected.

The main reason for the lower turnover is a combination of change of product mix and lower volume than expected. Partly because of challenges in obtaining goods, but also a slower onboarding of new costumers than expected.

We are acting in a market where things changes fast. During a year we see large fluctuations in prices, available goods, exchange rates etc.

In 2024 we saw a tight global protein supply in our ingredients business. We significantly benefited with larger margins. Buyers have entered the market end of 2024 at higher prices, and their search for cheaper options benefits manufacturers as demand outstrips supply. The more inquiries manufacturers receive, the higher their prices climb. While prices are likely to continue rising, the sustainability of this trend remains uncertain.

For our trading business we faced challenges due to weaker export activity. A weak USD, coupled with rapidly increasing prices, has made buyers more hesitant. We also saw a weaker Ramadan season than expected and some of our hope for new business took longer time to get up and running.

On this basis management considers the company's financial performance in the year satisfactory.

### Outlook

We expect a positive cash flow from our operations partly from profits generated partly from a lower working capital requirement. For 2025 we expect revenues of DKK 1,460 million and profits before tax of DKK 32 million.

**Financial risks**

The most significant operating risks facing the Company relate to its ability to be strongly positioned in the markets in which it buys and sells products.

Due to its operations, investments and financing, the Company is exposed to changes in exchange rates and interest rates. It is the Company's policy not to engage in active speculation in financial risks. Thus, the Company's financial management activities are aimed only at managing risks already assumed.

*Foreign currency risks*

The Company's activities are affected by exchange rate fluctuations, as its revenue and cost of sales are primarily generated in foreign currency, whereas expenses, including wages and salaries are paid in DKK.

The Company's currency risks are primarily hedged through a distribution of income and expenses in the same currency and through financial instruments.

In accordance with the policy approved by the Board of Directors, risks on recognised financial assets and liabilities are hedged by way of financial agreements. Hedging takes place using forward exchange contracts, which are to hedge minimum 80% of the risks.

Loan transactions in foreign currency are hedged through currency swaps, based on an individual assessment.

*Interest rate risks*

The Company's interest-bearing debt, made up as mortgage debt and bank debt net of the Company's portfolio of negotiable securities and cash balances, is at the primary bank DKK 213 million at end of the year. At a secondary bank a limit of EUR 20.

In total the bank limits at year end sums up to DKK 363 million. The Company's interest rate is variable.

*Credit risks*

The company's credit risks partly relate to financial assets and partly to derivative financial instruments with a positive fair value. Credit risks related to financial assets correspond to the value recognised in the statement of financial position. The company is not exposed to any significant risks relating to any particular customer or business partner. The company's policy in respect of credit risks implies that all major customers and other business partners are credit-rated on an ongoing basis. Transactions with customers outside Denmark, except for immaterial agreements, are insured at Allianz.

**Research and development activities**

The Company does not carry out any particular R&D activities.

**Subsequent events**

No events materially affecting the company's financial position have occurred subsequent to the financial year-end.

**Corporate social responsibility**

The company is part of the Fayrefield Ingredients Holding Group. Reference is made to the group corporate social responsibility report in the annual report for 2024 for the parent company Fayrefield Ingredients Holding A/S, CVR-no.42 34 50 08.

**Data ethics**

Our work with data ethics has been based on the Data Ethics Compass from the Data Ethics Council with the following areas: Self-determination, Dignity, Accountability, Equality and Justice, Progressiveness and Diversity.

Our goal for data ethics behavior is to have a responsible use of data at all times, as well as to create transparency in the company's data collection, data management and data development.

We have prepared a policy for the area that the employees comply with.

The Board of Directors is responsible for continuously, and at least once a year, assessing whether the policy on data ethics needs to be updated. The Executive Board is responsible for ensuring that the policy is implemented in the company's day-to-day operations and informs the Board of Directors at least once a year about the work with data ethics.

Statement on data ethics can be found on the website of the company <https://www.fayrefield.dk/persondatapolitik>.

## Income statement

Note	2024 DKK '000	2023 DKK '000	
1	<b>Revenue</b>	<b>1,291,231</b>	<b>1,270,912</b>
	Other operating income	1,205	1,001
	Costs of raw materials and consumables	-1,190,764	-1,184,829
	Other external expenses	-16,569	-12,599
	<b>Gross profit</b>	<b>85,103</b>	<b>74,485</b>
2	Staff costs	-39,569	-32,701
	<b>Profit before depreciation, amortisation, write-downs and impairment losses</b>	<b>45,534</b>	<b>41,784</b>
	Depreciation and impairments losses of property, plant and equipment	-2,299	-2,128
	<b>Operating profit</b>	<b>43,235</b>	<b>39,656</b>
3	Income from equity investments in group enterprises	276	-3,668
4	Income from participating interests	3,142	3,663
5	Financial income	3,204	5,862
6	Financial expenses	-23,348	-21,862
	<b>Profit before tax</b>	<b>26,509</b>	<b>23,651</b>
7	Tax on profit for the year	-5,114	-5,243
	<b>Profit for the year</b>	<b>21,395</b>	<b>18,408</b>
8	Proposed appropriation account		

<b>ASSETS</b>		31.12.24	31.12.23
Note		DKK '000	DKK '000
	Land and buildings	18,264	18,333
	Other fixtures and fittings, tools and equipment	6,932	6,498
<b>9</b>	<b>Total property, plant and equipment</b>	<b>25,196</b>	<b>24,831</b>
10	Equity investments in group enterprises	4,390	6,114
10	Equity investments in participating interests	14,414	11,265
11	Deposits	342	337
	<b>Total investments</b>	<b>19,146</b>	<b>17,716</b>
	<b>Total non-current assets</b>	<b>44,342</b>	<b>42,547</b>
	Raw materials and consumables	158,990	157,192
	<b>Total inventories</b>	<b>158,990</b>	<b>157,192</b>
	Trade receivables	160,993	128,158
	Receivables from group enterprises	28,348	29,895
	Other receivables	1,223	2,229
12	Prepayments	8	8
	<b>Total receivables</b>	<b>190,572</b>	<b>160,290</b>
	Other investments	76	59
	<b>Total securities and equity investments</b>	<b>76</b>	<b>59</b>
	<b>Cash</b>	<b>10</b>	<b>8</b>
	<b>Total current assets</b>	<b>349,648</b>	<b>317,549</b>
	<b>Total assets</b>	<b>393,990</b>	<b>360,096</b>

<b>EQUITY AND LIABILITIES</b>		31.12.24	31.12.23
Note		DKK '000	DKK '000
13	Share capital	5,000	5,000
	Cash flow hedging reserve	-797	131
	Retained earnings	91,770	81,144
	<b>Total equity</b>	<b>95,973</b>	<b>86,275</b>
14	Provisions for deferred tax	1,518	1,662
	<b>Total provisions</b>	<b>1,518</b>	<b>1,662</b>
15	Subordinate loan capital	4,180	5,809
	<b>Total long-term payables</b>	<b>4,180</b>	<b>5,809</b>
15	Short-term part of long-term payables	1,798	7,617
	Payables to other credit institutions	163,497	129,061
	Trade payables	112,010	116,087
	Payables to group enterprises	2,102	2,898
	Payables to participating interests	3,375	1,720
	Income taxes	1,635	3,634
	Other payables	7,902	5,333
	<b>Total short-term payables</b>	<b>292,319</b>	<b>266,350</b>
	<b>Total payables</b>	<b>296,499</b>	<b>272,159</b>
	<b>Total equity and liabilities</b>	<b>393,990</b>	<b>360,096</b>
16	Fair value information		
17	Derivative financial instruments		
18	Contingent liabilities		
19	Charges and security		
20	Related parties		

## Statement of changes in equity

Figures in DKK '000	Share capital	Cash flow hedging reserve	Retained earnings	Total equity
Statement of changes in equity for 01.01.24 - 31.12.24				
Balance as at 01.01.24	5,000	131	81,144	86,275
Fair value adjustment of hedging instruments	0	-1,189	0	-1,189
Extraordinary dividend paid	0	0	-12,000	-12,000
Other changes in equity	0	0	1,231	1,231
Tax on changes in equity	0	261	0	261
Net profit/loss for the year	0	0	21,395	21,395
Balance as at 31.12.24	5,000	-797	91,770	95,973

## Cash flow statement

Note	2024 DKK '000	2023 DKK '000
<b>Profit for the year</b>	<b>21,395</b>	<b>18,408</b>
21 Adjustments	24,139	23,374
Change in working capital:		
Inventories	-1,798	58,014
Receivables	-32,910	18,801
Trade payables	-4,077	-26,114
Other payables relating to operating activities	3,426	-3,582
<b>Cash flows from operating activities before net financials</b>	<b>10,175</b>	<b>88,901</b>
Interest income and similar income received	3,204	5,862
Interest expenses and similar expenses paid	-23,348	-21,862
Income tax paid	-5,405	-7,687
<b>Cash flows from operating activities</b>	<b>-15,374</b>	<b>65,214</b>
Purchase of property, plant and equipment	-2,664	-3,811
Purchase of securities and equity investments	0	-745
Sale of securities and equity investments	-5	-4
<b>Cash flows from investing activities</b>	<b>-2,669</b>	<b>-4,560</b>
Dividend paid	-12,000	-25,300
Arrangement of payables to credit institutions	34,435	0
Repayment of payables to credit institutions	0	-1,327
Arrangement of payables to group enterprises	3,075	-32,621
Repayment of other long-term payables	-7,448	-1,406
<b>Cash flows from financing activities</b>	<b>18,062</b>	<b>-60,654</b>
<b>Total cash flows for the year</b>	<b>19</b>	<b>0</b>
Cash, beginning of year	8	8
Securities with no significant price risk, beginning of year	59	59
<b>Cash, end of year</b>	<b>86</b>	<b>67</b>
Cash, end of year, comprises:		
Cash	10	8
Securities with no significant price risk	76	59
<b>Total</b>	<b>86</b>	<b>67</b>

	2024	2023
	DKK '000	DKK '000

## 1. Revenue

Information about the distribution of revenue by activities and geographical markets is provided below. The segment information is prepared in accordance with the company's accounting policies and follows the company's internal financial management.

Revenue comprises the following activities:

Cheese	89,482	113,691
Powder	349,680	387,312
Export	852,069	769,908
Total	1,291,231	1,270,911

Revenue comprises the following geographical markets:

Scandinavia	260,588	334,078
Europe - outside Scandinavia	223,303	92,574
Markets outside Europe	807,340	844,259
Total	1,291,231	1,270,911

## 2. Staff costs

Wages and salaries	32,306	28,425
Pensions	6,074	3,050
Other social security costs	374	363
Other staff costs	815	863
Total	39,569	32,701

Average number of employees during the year	40	38
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	2024 DKK '000	2023 DKK '000
<b>2. Staff costs - continued -</b>		
Remuneration for the management:		
Salaries for the Executive Board	2,885	3,468
Pension for the Executive Board	404	160
Total remuneration for the Executive Board	3,289	3,628
Remuneration for the Board of Directors	350	120
Remuneration for the Executive Board and Board of Directors	3,639	3,748

### 3. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	426	-3,518
Amortisation of goodwill	-150	-150
Total	276	-3,668

### 4. Income from participating interests

Share of profit or loss of participating interests	3,142	3,663
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	2024 DKK '000	2023 DKK '000
<b>5. Financial income</b>		
Interest, group enterprises	1,630	603
Other interest income	0	4
Foreign currency translation adjustments	1,568	5,252
Other financial income	6	3
Other financial income	1,574	5,259
Total	3,204	5,862

**6. Financial expenses**

Interest, group enterprises	0	352
Other interest expenses	17,772	16,920
Foreign currency translation adjustments	4,514	3,870
Other financial expenses	1,062	720
Other financial expenses	23,348	21,510
Total	23,348	21,862

**7. Tax on profit for the year**

Current tax for the year	5,137	5,180
Adjustment of deferred tax for the year	-23	63
Total	5,114	5,243

	2024 DKK '000	2023 DKK '000
<b>8. Proposed appropriation account</b>		
Extraordinary dividend for the financial year	12,000	25,300
Retained earnings	9,395	-6,892
<b>Total</b>	<b>21,395</b>	<b>18,408</b>

**9. Property, plant and equipment**

Figures in DKK '000	Land and buildings	Other fixtures and fittings, tools and equipment
Cost as at 01.01.24	25,915	19,911
Additions during the year	713	1,951
<b>Cost as at 31.12.24</b>	<b>26,628</b>	<b>21,862</b>
Depreciation and impairment losses as at 01.01.24	-7,582	-13,413
Depreciation during the year	-782	-1,517
<b>Depreciation and impairment losses as at 31.12.24</b>	<b>-8,364</b>	<b>-14,930</b>
<b>Carrying amount as at 31.12.24</b>	<b>18,264</b>	<b>6,932</b>

**10. Equity investments**

Figures in DKK '000	Equity invest- ments in group enterprises	Equity investments in participating interests
Cost as at 01.01.24	4,390	14,414
Cost as at 31.12.24	4,390	14,414
Carrying amount as at 31.12.24	4,390	14,414
The item comprises goodwill as at 31.12.24 of	300	0
Name and registered office:		Ownership interest
Subsidiaries:		
Fayrefield Food France, Frankrig		100%
Lacto Foods A/S, Vejle		100%
AB Foods Aps, Vejle		100%
AKH Foods Aps, Vejle		100%
Avlscenter Vest ApS, Vejle		100%
Dairy Management ApS, Vejle		100%
Skimmeloste ApS, Vejle		100%
Participating interests:		
Fayrefield Foods LLC, Chapel Hill, USA		46.25%

**11. Other non-current financial assets**

Figures in DKK '000	Deposits
Cost as at 01.01.24	337
Additions during the year	5
Cost as at 31.12.24	342
Carrying amount as at 31.12.24	342

	31.12.24 DKK '000	31.12.23 DKK '000
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**12. Prepayments**

Prepaid insurance premiums	8	8
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**13. Share capital**

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share class A	4,000	4,000
Share class B	1,000	1,000
Total		5,000

	31.12.24	31.12.23
	DKK '000	DKK '000

#### 14. Deferred tax

Deferred tax as at 01.01.24	1,662	1,599
Deferred tax recognised in the income statement	-144	63
Deferred tax as at 31.12.24	1,518	1,662

The provision for deferred tax primarily relates to timing differences in respect of intangible assets and property, plant and equipment.

#### 15. Long-term payables

Figures in DKK '000	Repayment first year	Total payables at 31.12.24	Total payables at 31.12.23
Subordinate loan capital	1,798	5,978	13,426
Total	1,798	5,978	13,426

Loan of DKK 5,978k has been granted by the parent company and are subordinated in relation to all other creditors.

The original loan of DKK 8,714k term to maturity over 6 years when the entity has solvency ratio of 20 %.

The interest is added to the principal and does fall annually and will be added to the principal until payment.

## 16. Fair value information

Figures in DKK '000	Listed securities and equity investments	Fair value hedged assets and liabilities	Total
Fair value as at 31.12.24	58	-1,974	-1,916
Unrealised changes of fair value recognised in equity for the year	0	-1,189	-1,189

## 17. Derivative financial instruments

The Board of Directors lays down the framework for the conclusion of contracts for derivative financial instruments. The company concludes contracts for the sole purpose of hedging the currency risk on the future sale of goods in foreign currency. At the end of 2024, a future sale of goods of USD 12,092k was secured for a period of up to 3 months. The fair value of the forward exchange contracts amounts to DKK 86,372k as at 31.12.24, and the unrealised net loss before tax recognised in equity as at 31.12.24 constitutes DKK 1,974k. Forward exchange contracts are only concluded with counterparties (Danish banks) with a good credit score from a reputable credit rating agency.

## 18. Contingent liabilities

### *Lease commitments*

The company has concluded lease agreements with terms to maturity of 1-25 months and total lease payments of DKK 1,186k.

The company has provided a guarantee of DKK 14,290k as security for bank debt in group company.

### *Other contingent liabilities*

The company is taxed jointly with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum

liability totals an amount corresponding to the share of the capital in the company which is owned directly or indirectly by the ultimate parent. The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, please see the financial statements of the management company Fayrefield Ingredients Holding A/S.

### 19. Charges and security

The Company has pledged a mortgage deed registered to the mortgage of DKK 2,200k with security in land register no. 7 f Rostrup By, Rostrup, Rostrup Byvej 3, DK-9510 Arden as security for bank debts. The book value of assets put up for collateral is DKK 18,264k at 31.12.24.

The company has provided a company charge of DKK 125,000k as security for debt to credit institutions. As at 31.12.24, the company charge comprises the following assets with the following carrying amounts:

- Other plant, fixtures and fittings, tools and equipment, DKK 6,931k
- Inventories, DKK 158,990k
- Trade receivables, DKK 160,993k

The company has signed non-pledge statements regarding shares in fully owned subsidiaries.

The company has issued transfer of receivables to the bank.

**20. Related parties**

Controlling influence	Basis of influence
Fayrefield Ingredients Holding A/S, Vejle	Shareholder
Peter Nielsen	Member of the executive board and supervisory board
Lars Buhl	Chairman of the supervisory board
Susanne Hougaard Steffensen	Member of the supervisory board
Jens Søggaard Jacobsen	Member of the supervisory board
Frank Therkildsen	Member of the supervisory board
Kunmei Lian	Member of the supervisory board
Rasmus Kjær Laursen	Member of the supervisory board

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

Remuneration for the management is specified in note 2 Staff costs.

The company is included in the consolidated financial statements of the parent Fayrefield Ingredients Holding A/S, Vejle.

2024	2023
DKK '000	DKK '000

**21. Adjustments for the cash flow statement**

Depreciation and impairments losses of property, plant and equipment	2,299	2,128
Income from equity investments in group enterprises	-276	3,668
Income from participating interests	-3,142	-3,663
Financial income	-3,204	-5,863
Financial expenses	23,348	21,861
Tax on profit or loss for the year	5,114	5,243
Total	24,139	23,374

## 22. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for large enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

In accordance with section 112 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements. The company is a subsidiary of Fayrefield Ingredients Holding A/S, Vejle, CVR no. 42345008, which prepares consolidated financial statements.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

### CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets

**22. Accounting policies** - continued -

acquired in foreign currencies are translated using historical exchange rates.

**DERIVATIVE FINANCIAL INSTRUMENTS**

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

**LEASES**

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

**INCOME STATEMENT****Revenue**

Income from the sale of goods for resale and finished goods, including cheese and other products, is recognised in revenue when the most significant rewards and risks have been

**22. Accounting policies** - continued -

transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

**Other operating income**

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including management fee, salary refunds etc.

**Costs of raw materials and consumables**

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

**Other external expenses**

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

**Staff costs**

Staff costs comprise wages and salaries as well as other staff-related costs.

**Depreciation and impairment losses**

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

**22. Accounting policies** - continued -

	Useful lives, years	Residual value DKK '000
Buildings	5-50	0
Other plant, fixtures and fittings, tools and equipment	3-10	0

Land is not depreciated.

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

**Income from equity investments in group enterprises as well as participating interests**

For equity investments in equity investments in subsidiaries as well as participating interests, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses. For participating interests only the proportionate share of intercompany gains and losses is eliminated.

Income from equity investments in equity investments in subsidiaries as well as participating interests also comprises gains and losses on the sale of equity investments.

**Other net financials**

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies, gains and losses on other securities and equity investments etc. are recognised in other net financials.

**Tax on profit/loss for the year**

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

**22. Accounting policies** - continued -

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

**BALANCE SHEET****Property, plant and equipment**

Property, plant and equipment comprise land and buildings as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

**Equity investments in group enterprises as well as participating interests***Equity investments in group enterprises*

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

**22. Accounting policies** - continued -*Participating interests*

Participating interests are recognised and measured according to the equity method. For participating interests, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

Acquired participating interests are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of acquired participating interests are measured at fair value at the date of acquisition.

*Equity method*

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

On the acquisition of participating interests, goodwill is recognised on a proportionate basis based on the actual ownership interest in the acquired equity investments.

The goodwill (positive difference) determined at the date of acquisition is recognised under participating interests. For negative goodwill (negative difference), a reassessment is made of the fair values determined for the proportionate share of the net assets acquired and the purchase price of the equity investments. Negative goodwill that is attributable to contingent liabilities at the date of acquisition is recognised under participating interests and reduced in line with the realisation of these liabilities. Any remaining negative difference (negative goodwill) is recognised in the income statement at the date of acquisition. Goodwill and negative goodwill from acquired enterprises are adjusted until 12 months after the date of acquisition.

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at 10 years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

**22. Accounting policies** - continued -*Gains or losses on disposal of equity investments*

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

**Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

**Inventories**

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

**22. Accounting policies** - continued -**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Receivables for which there is no objective evidence of individual impairment are assessed for objective evidence of impairment at portfolio level. The objective indicators used at portfolio level are based on historical experience.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

**Other investments**

Other equity investments are measured at fair value in the balance sheet. For equity investments that are traded in an active market, fair value is equivalent to the market value at the balance sheet date. Other equity investments for which fair value cannot be determined reliably are measured at cost.

**Cash**

Cash includes operating cash.

**Equity**

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

**22. Accounting policies** - continued -**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

**Payables**

With subordinate loan capital, the creditor has subordinated its claim to those of all other creditors of the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

**22. Accounting policies** - continued -**CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the company's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash and short-term securities with no significant price risk.