

Annual Report 2023

DANÆG Holding A/S Group

Danægvej 1, 6070 Christiansfeld

CVR-nr. 35 53 02 23

The annual report was drawn
up and approved at the
company's annual general
meeting on 26/6 2024

Hans Christian Lei
Dirigent

Management's Statement

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of DANÆG Holding A/S for the financial year 1 January – 31 December 2023.

The Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and the Parent Company Financial Statements have been prepared in accordance with the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Group and the Parent Company and of the results of the Group and Parent Company operations and consolidated cash flows for the financial year 1 January - 31 December 2023.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

The annual report is submitted to the Annual General Meeting for approval.

Christiansfeld, 28 February 2024

Executive Board

Jann Døllerup Vig Jensen
CEO

Hans Christian Lei
CFO

Board of Directors

Ole Thulstrup Bruhn
Chairman

Jesper Pagh
Vice chairman

Niels Dengsø Jensen

Robert Helge Beck

Jens Skovgaard-Jensen

Camilla Simonsen

Mikael Robert Gilbertsson

Independent Auditor's Report

To the Shareholders of DANÆG Holding A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at 31 December 2023 and of the results of the Group's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at 31 December 2023 and of the results of the Parent Company's operations for the financial year 1 January to 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of DANÆG Holding A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including material accounting policy information, for both the Group and the Parent Company, as well as statement of comprehensive income and cash flow statement for the Group ("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 Statement 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 that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of 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.

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 skepticism 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Trekantområdet, 28 February 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jan Bunk Harbo Larsen

State Authorised Public Accountant

mne30224

Company Information

The Company

DANÆG Holding A/S
Danægvej 1
6070 Christiansfeld

Mail: danaeg@danaeg.com
Web: www.danaeg.com

CVR No: 35 53 02 23
Financial Year: 1 January - 31 December
Municipality: Kolding

Board of Directors

Ole Thulstrup Bruhn, Chairman
Jesper Pagh, Vice chairman
Niels Dengsø Jensen
Robert Helge Beck
Jens Skovgaard-Jensen
Camilla Simonsen
Mikael Robert Gilbertsson

Executive Board

Jann Dollerup Vig Jensen
Hans Christian Lei

Auditor

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Herredsvej 32
7100 Vejle

Financials Highlights

	2023	2022	2021	2020	2019
In million DKK					
Income statement					
Revenue	2.083	1.879	1.481	1.105	1.308
Gross Profit	320	234	207	144	170
Profit after tax (EAT)	82	14	50	21	33
Balance sheet					
Total assets	902	885	844	409	419
Investments in property, plant and equipment	68	54	46	40	31
Group equity	312	227	226	191	200
Cash flow statement					
Cash flow from operating activities	164	23	150	37	73
Cash flow from investment activities	-71	-55	-309	-41	-34
Cash flow from financing activities	-97	34	159	-4	-32
Change in cash and cash equivalents for the year	-4	3	1	-7	7
Full-time employees, FTE	389	357	331	244	239
Ratios					
Gross margin, %	15,4%	12,5%	14,0%	13,0%	13,0%
Operating margin, %	5,5%	1,4%	4,2%	2,3%	3,2%
Return on assets, %	12,8%	3,1%	7,4%	6,1%	10,0%
Equity ratio, %	34,6%	25,5%	26,6%	46,7%	47,7%
Return on equity, %	32,9%	6,3%	24,2%	10,7%	16,1%
EBITDA	156	77	77	46	64
Gearing ratio	1,7	4,6	4,1	1,6	0,6
EBIT	116	27	62	25	42
EBT	102	20	58	26	41
Net interest bearing debt, NIBD	270	354	318	74	40
Net working capital, NWC	151	142	113	101	97
Net income, EAT	82	14	50	21	33

In 2023, the Danæg Holding Group has switched to using the international accounting standard, IFRS. The stated figures for 2023 and 2022 and the balance sheet items for 2021 were prepared according to the IFRS standards, other figures were prepared in accordance with provisions of the Danish Financial Statements Act.

Management Report Danæg Holding A/S

In 2023, the Danæg Holding Group has switched to using the international accounting standard, IFRS. All figures for 2023 and 2022 as well as the balance sheet items for 2021 have been prepared in accordance with IFRS standards, while other figures have been prepared in accordance with the provisions of the Danish Financial Statements Act.

Main activities

The Group's main activities are to collect, sort and market the cooperatives' egg production as well as the production and marketing of egg-related products.

The Group has production facilities in Denmark, Sweden and Finland, which are also the Group's primary markets, but the Group continues to experience growth in export markets outside the Nordic region.

The Group's long-term strategy is to create profitable growth through a market-oriented range of primarily self-produced and secondarily purchased products.

Development during the year

The Group's income statement for 2023 shows a profit of 82.5 million DKK (2022: 14.0 million DKK) and the Group's balance sheet as of 31 December 2023 shows an equity of 311.6 million DKK (2022: 224.2 million DKK).

The result for the year is significantly better than expected at the beginning of the financial year and is mainly attributable to the Group's foreign subsidiaries' financial performance during the year as well as several significant non-recurring incomes, including the transition to IFRS accounting standards.

Large-scale global cases of avian flu, combined with egg shortages in a wide range of markets, have meant that sales opportunities have been good and new geographic markets have opened up. As in previous years, the Group's home markets have been characterised by high volatility and market changes. This applies both to the Group's direct customers, consumer preferences and the supply situation, which has required a number of adjustments. In general, however, the group has also seen that the foodservice segment in particular is showing signs of normalisation, after a number of years with significant fluctuations due to pandemic and, most recently, inflation.

During the financial year, investments of 70.2 million DKK (2022: 53.9 million DKK) have been made, the vast majority of which was made in production equipment and facilities. At the end of July 2023, the Danæg Holding Group acquired Torggummans Ägg AB in Sweden, whose activities are primarily concentrated on purchasing and packing locally produced eggs.

In 2023, Danæg A/S realised a profit of +9.7 million DKK (2022: -0.9 million DKK). The result is higher than expected and can be attributed to a reasonable balance between weigh-in and sales throughout the year as well as reasonable sales opportunities in the industrial price market for the excess quantities that have been available.

Kronägg AB, the Group's egg packing plant in Sweden, has realised a profit of +8.5 million DKK in 2023 (2022: +3.8 million DKK). The result is at the expected level despite significant challenges throughout the year due to salmonella outbreaks at the company's largest egg producer, which for the Swedish market in general has had the consequence that there has been a significant shortage of eggs.

In 2023, Danæg Products A/S has realised a profit of +8.5 million DKK (2022: -4.0 million DKK). Overall, the year has been challenging compared to the expectations at the beginning of the financial year and negatively impacted by very high industrial prices due to a general shortage of eggs. At the same time, the situation has provided a number of new market opportunities which have positively affected the company.

Källbergs Industri AB, the Group's product business in Sweden, has realised a profit of +10.7 million DKK in 2023 (2022: +11.2 million DKK). The result is better than expected, taking in to account that the company has been negatively affected by high raw material prices. However, the global challenges of avian flu have also provided a number of market opportunities for this company.

Munax Oy, which has activities with both production and packing of shell eggs and processed products, has realised a profit of +20.9 million DKK in 2023 (2022: +6.1 million DKK). The result is better than expected and is positively affected by increasing own production of eggs combined with good market demand.

Torggummans Ägg AB, which the Group acquired in mid-2023, has achieved a better-than-expected result of +0.7 million DKK.

Overall, the Group result for the year is considered very satisfactory.

Capital readiness

The solvency ratio amounts to 34.6% (2022: 25.5%) corresponding to an equity as of 31 December 2023 of 311.6 million DKK (2022: 224.2 million DKK).

Special risks - operational risks and financial risks

Operation

The Danæg Holding Group is exposed to the usual commercial risks, including fluctuations in commodity prices and currency prices. These are closely monitored as part of the day-to-day operation of the business, and major fluctuations may have an impact on the result. Appropriate policies have been implemented to reduce exposure.

The Danæg Holding Group has a very high quality standard within hygiene, traceability, working environment and waste and energy management. Likewise, the demands on our Danish, Swedish and Finnish egg producers continue to increase. The very high quality of Danish, Swedish and Finnish eggs, where the occurrence of salmonella is minimal, must be maintained and further expanded, but at the same time, this entails higher production costs.

The Danæg Holding Group has taken out the insurances relevant to the Group in accordance with the Group's insurance policy. The Group's insurance policies are reviewed annually together with an insurance advisor.

Currency

The Danæg Holding Group is exposed to currency risks, which are continuously hedged via various hedging instruments.

Objectives and expectations for the coming year

For the financial year 2024, a decline in profit to a level of DKK 45-65 million DKK after tax is expected. The expected decline is justified by the fact that the financial year that has just ended, has been extraordinarily good and at the same time positively impacted by non-recurring incomes, which is not expected to be repeated in 2024.

At the beginning of the year, the market is expected to remain very volatile and affected by avian flu and other deceases, as well as a general shortage of eggs, especially in the Swedish market, which is, however, expected to be rebuilt and normalised during the year. There will be a continued high focus on streamlining all companies to ensure continued competitiveness.

The basis of earnings

Research and development

The Group's development activities primarily include further development of the company's products and concepts as well as development of new products for the retail, foodservice and industrial segments.

Ongoing costs are incurred for the development and marketing of new products in the individual companies as well as for the optimisation of methods and processes.

External environment

The Danæg Holding Group is an environmentally conscious group and attaches crucial importance to reducing the environmental impacts of the companies' operations, e.g. by reducing the total amount of waste and reducing energy consumption. In addition, there is an ongoing focus on improving the individual processes and eliminating heavy lifting and repetitive work.

Knowledge resources

The Group has built an organisation with a high level of knowledge within egg packing and refining. Alongside an efficient production, we are constantly working to optimise food safety throughout the production process, and the Group has continued and maintained certification according to a number of applicable standards.

Statement of Corporate Social Responsibility cf. section 99a of the Financial Statements Act

The Group's business model is based on its own production of barn eggs and the purchase of eggs in general from the Group's shareholders and contract producers. All eggs are either quality sorted and sold on as shell eggs or reprocessed into a range of liquid, boiled or powder-based egg products, which are sold to the professional or industrial market.

The Danæg Holding Group strongly focuses on demonstrating social responsibility, including complying with legislation and ethical rules, etc. within the areas of human rights, labour rights, the environment and anti-corruption in the countries and communities in which the Group has its primary activities.

Since 2013, the Danæg Holding Group has been affiliated to the UN Global Compact, which is the world's largest voluntary network for corporate social responsibility. The Global Compact contains 10 overall principles for human and labour rights, the environment and anti-corruption. The membership of the UN Global Compact commits the Danæg Holding Group to working actively with the above principles, and an annual progress report (Communication on Progress) is drawn up describing this work.

Environment and climate

In a climate context, eggs are attractive compared to a number of other animal-produced food, and contribute to a relatively low CO₂ footprint. However, this does not prevent the Danæg Holding Group from setting ambitious targets to reduce its climate footprint significantly in the future. The Group sees limited risks of an increase in climate impact as well as environmental impact. On the contrary, the strong focus on both climate and environment means that significant reductions are expected over the coming years, both in the form of initiatives within the Group, but also in the form of initiatives backwards in the value chain. A number of these actions have already been identified and initiated.

We want to reduce the impact we leave on the world around us, and the efficient use of resources is one of the essential keys to achieving this. In this context, targeted efforts are being made to reduce emissions from our own production, both by increasing the use of energy from renewable sources and actively investing in its conversion.

In 2022, the Danæg Holding Group carried out a complete mapping of the climate impact on both Scope 1, 2 and 3 for the first time, which now serves as a starting point for further work in the climate area.

The Group's footprint for the 2 known years is shown in the table below (incl. LUC).

	<u>2022</u>	<u>2021</u>
Scope 1	5.658 tCO ₂ e	6.358 tCO ₂ e
Scope 2	753tCO ₂ e	706 tCO ₂ e
Scope 3	289.277 tCO ₂ e	314.608 tCO ₂ e

Emissions in Scope 1 are the direct emissions from activities that DANÆG itself owns or controls. It includes emissions from own vehicles as well own facilities for heat and energy production. Emissions in scope 2 are the indirect emissions from the energy that DANÆG buys, i.e. electricity, steam, heat or cooling. Emissions in scope 3 are the indirect emissions related to DANÆG's entire value chain, both upstream and downstream.

To report on DANÆG's overall climate footprint, emission of greenhouse gases are converted to CO₂ equivalents (CO₂e), which indicates how much the output of another greenhouse gas would be equivalent to in CO₂.

Reports are made on scope 1, 2 and 3, and for scope 2 includes both the location-based and market-based calculation. The market-based method reflects emissions from the electricity, which DANÆG has chosen to buy, while the location-based method reflects the average emission intensity on the power grids where energy consumption takes place.

The figures are based on data from 2021 and are calculated at group level based on the GHG protocol including the LUC factor and are validated by an external party. In continuation of this, the same analysis was carried out for 2022 and showed a satisfactory improvement in the climate footprint. Similarly, an analysis for 2023 will be carried out during spring 2024. Base year emissions will be retroactively recalculated if necessary to reflect any significant changes. This is done so that reported information does not lose relevance or continuity. Significant changes are defined as impacts that have a greater impact than ±5% on calculated total emissions. Significant changes can, for example, be due to structural changes in the company or changed calculation methods.

The vast majority of the climate footprint occurs at farm level. Together with egg producers and feed suppliers, we are actively working to ensure further reduction of this, especially in relation to feed composition, where especially the use of soy has a significant effect on the climate footprint.

ESG forms a central part of the Group's strategy for 2023-2027, and includes the work to measure, adapt and improve the climate footprint as well as actively investing in reducing CO₂ emissions from scope 1 and scope 2, as well as reducing emissions from scope 3 together with the Group's suppliers, and especially egg producers.

Since March 2023, the Danæg Holding Group has been registered as Committed to the Science Based Target initiative and will set ambitious emission reduction targets by 2025. However, work on reducing climate impact is already underway with clear expectations of annual improvements. Part of the potential for reducing the climate footprint has already been made visible and action plans are being prepared.

In addition to working on the climate footprint, the Group has since 2021 worked on getting all operating companies certified according to the ISO 14001 standard. At the end of 2023, only the Group's Finnish company has yet to be certified, which will happen during 2024.

Similarly, in the climate area, work is also being done to improve the environment in general, including wastewater quality, heat recycling, the Group's water consumption and waste management in general.

Social and staff conditions

It is the Group's policy to ensure a good social working environment and good staff conditions, and increased focus will be placed on this in the coming years. The most significant risks are assessed to be related to the physical strain in parts of the production processes, and continuous assessments are carried out as well as investments in improvements, automation solutions and rotation where possible. In addition, risks are associated with loss of labour in a market with low unemployment, as well as ensuring the right skills and qualifications in the future.

In all the Group's companies, an employee handbook has been drawn up that describes the general framework in relation to employment, including adjustments in relation to national conditions. Through the employment agreement, agreements have been made regarding contributions to pension savings and insurance schemes in case of loss of earning capacity or death. Furthermore, health insurance etc. has been taken out in several of the Group's companies. Lunch arrangements, fruit schemes, etc. have also been established in the companies if possible.

Attractive staff conditions are considered to be the starting point for retaining current employees as well as attracting new colleagues and generally being considered an attractive workplace. In connection with the implementation of the Group's strategy for 2023-2027 "DANÆG 4-2-1", there will be an increased focus on the employee and the good workplace. In the spring of 2023, an employee survey was conducted in all the Group's companies, which has provided a good foundation for creating focus on opportunities for improvement. Among other things, the study has documented a clear desire for improved physical surroundings, and all the Group's companies have plans to improve staff facilities and office areas, especially in Christiansfeld, where the construction of a new administration building will begin in 2024. A new employee survey will be conducted in the autumn of 2024.

As part of the strategy, a number of measurement points have been defined, which will be implemented during 2024 with set targets. In particular, the focus will be on creating greater diversity, more female managers and a continued strong focus on preventing work accidents.

For several years, there has been a focus on the working environment in general, where investments are continuously made to reduce heavy lifting, one-sided tasks and generally to improve the overall working environment. Risk assessments are carried out on an ongoing basis to ensure improvements.

In 2022, the preparation of a unified corporate HR strategy was initiated. The work on this strategy is expected to be completed in 2024, and as a functional strategy it will support the general group strategy, while at the same time creating the basis for further improvements in social conditions in the workplace and personnel areas in general.

Human rights

The Danæg Holding Group strives to be a workplace that values and encourages employee differences. Diversity is crucial to the results we create, and we work to be a diverse workplace where everyone is given the opportunity to live out their full potential. Therefore, there must be no discrimination on the basis of gender, age, background, ethnicity, sexuality or the like.

Respect for human rights throughout the value chain is of paramount importance to the Danæg Holding Group. In general, the risk is assessed as limited among the Group's employees, which is partly due to Nordic culture and partly to the Group's focus and policies in this area. The vast majority of the Group's partners also consider the risk to be very low, partly because the Group sends some very clear messages about the Danæg Holding Group's expectations in the area.

Every year, the "Danæg Holding Code of Conduct", which contains the general principles for ethical trade is sent to the Group's suppliers. Through his signature on the document, the supplier declares compliance with the relevant laws and regulations as well as the Danæg Holding Group's CSR policy and the rules of the UN Global Compact. In addition, the Code of Conduct expresses the expectation that the supplier has a dialogue backwards in the value chain in order to ensure compliance with basic rights here too.

For a number of years, there has been a group policy for good behavior in the workplace, with the aim of further focusing on a safe and healthy workplace with high employee well-being. The policy has been communicated to all employees and is available on the Group's intranet. At the same time, the policy has been sent to the Group's shareholders, in the expectation that they, as part owners, also comply with the policy.

With a focus on good behavior, we want to ensure that all employees are aware of their rights and that the managers know how to deal with these.

The Danæg Holding Group is not aware of any circumstances in 2023 that indicate human rights violations and in future, the work in this area will continue to focus on compliance with human rights backwards in the value chain combined with a focus on good behavior and respect for each other internally in the Group.

Anti-corruption and bribery

In the Danæg Holding Group, we do not accept corruption or fraud in any form, which we clearly mark through our adherence to the UN Global Compact. Under the auspices of UN Global Compact, companies are encouraged to work against all forms of corruption, including extortion and bribery among employees.

The risk of breach of the Group's policy in this area is generally assessed as low and to a large extent covered by legislation and the Group's policies and procedures in this area. At the same time, the vast majority of the Group's trade with suppliers and customers takes place in countries with a very low level of corruption, according to the report by the anti-corruption organisation Transparency International, and the Group's focus is primarily on risks related to the very limited trade in countries that are low on this list.

Since 2022, a Group-wide whistleblower scheme has been available, which allows both employees and external stakeholders to anonymously report suspicions of criminal acts or other serious matters. The purpose of the scheme is to reduce risks and ensure the trust of our employees, customers and the public in the Group.

The Danæg Holding Group is not aware of any circumstances in 2023 that indicate any form of corruption or fraud. The Group's goal is to continue its efforts to avoid all forms of corruption and fraud, among other things by strengthening internal controls.

Statement of gender composition cf. section 99b of the Financial Statements Act

The Danæg Holding Group has developed a comprehensive policy for diversity in the management bodies of the Group with the aim of ensuring a more equal distribution between the sexes in the different management levels in the long term.

Board of Directors:

It is a goal of the board that the composition should reflect the gender composition of the ownership groups, with due respect for the democratic choices that lie behind, among other things, the selection of DANÆG amba's Board of Directors, from which parts of the Board of Directors of DANÆG Holding A/S are elected. Since spring 2022, one female member has been elected to the Board of Directors. The goal is still to obtain more female members, and during 2023 the board has decided to encourage our female egg producers to consider a board position prior to next election in 2024, and by 2025 to reach the goal of 2 female members of the board.

Management layers:

The female gender is currently underrepresented in the top management teams of the Danæg Holding A/S. In line with our diversity policy, we have focused on raising awareness of qualified candidates of the female gender in connection with recruitment processes and internal promotions in 2023. Specifically, in 2023, to the extent possible, we have paid attention to inviting qualified candidates of both genders for job interviews. If we have used external parties in recruitment processes, we have encouraged them to present suitable candidates of both genders. In relation to the internal talents that have the potential to take on managerial responsibility in the long term, in 2023 we have had a special focus on identifying female talents.

	Total	ACTUAL - 31 DECEMBER 2023				GOAL - 31 DECEMBER 2025			
		Female	(pct)	Male	(pct)	Female	(pct)	Male	(pct)
Board of Directors	7	1	14%	6	86%	2	29%	5	71%
Group Management	7	1	14%	6	86%	2	29%	5	71%

By a corresponding measurement of the management teams of the individual companies in the Group, the female share of members amounts to an average of 27% (2022: 19%). Internal promotion and new hires have developed in the right direction, and the Danæg Holding Group's target of at least 25% female members by the end of 2023 has thus been met. The Group's goal is to reach at least 30% of female members by the end of 2025.

Statement of data ethics cf. section 99d of the Financial Statements Act

The Danæg Holding Group focuses on complying with good data ethics, cf. section 99d of the Financial Statements Act. The largest interface with data occurs in connection with our employees, partners, suppliers, customers, and members. Particular focus is on the rules of the GDPR legislation, where a number of policies and instructions have been introduced. These are continuously maintained.

The Group has not developed a comprehensive policy for data ethics, and it is currently not considered that the current data collection necessitates a policy in this area, other than the policies that have been introduced in the GDPR area.

We will continuously assess what data we process in the Danæg Holding Group and how it is treated. In case of changes in the business model, consequences in relation to data ethics will be assessed. It is the Danæg Holding Group's goal to continuously organise policies and guidelines in such a way that this is done in an ethically responsible manner.

Uncertainty in recognition and measurement

There has been no uncertainty in recognition and measurement in the annual report.

Unusual circumstances

The Group's assets, liabilities, and financial position as at 31 December 2023 as well as the result of the Group's activities and cash flows for 2023 are not affected by unusual circumstances other than those described.

Post-balance sheet event

After the balance sheet date, it has been decided to distribute dividends of 50.0 million DKK on an extraordinary general meeting. No other circumstances have occurred that have a material impact on the assessment of the annual report.

Consolidated income statement
for the year ended 31 December 2023

In thousands DKK	Notes	2023	2022
Revenue from contracts with customers	3	2.082.998	1.879.103
Production costs		<u>-1.762.797</u>	<u>-1.644.992</u>
Gross profit		<u>320.201</u>	<u>234.111</u>
Distribution costs		-121.998	-124.542
Administrative expenses		-93.218	-105.250
Other operating income	4	10.578	22.790
Other operating expenses	4	<u>-31</u>	<u>-15</u>
Operating profit		<u>115.532</u>	<u>27.094</u>
Financial income	7	4.596	1.107
Financial expenses	7	<u>-17.743</u>	<u>-8.132</u>
Profit before income tax		<u>102.385</u>	<u>20.069</u>
Income tax expense	8	<u>-19.934</u>	<u>-5.767</u>
Net profit for the year		<u><u>82.451</u></u>	<u><u>14.302</u></u>

Consolidated statement of comprehensive income
for the year ended 31 December 2023

In thousands DKK	Notes	2023	2022
Profit for the year		<u>82.451</u>	<u>14.302</u>
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		1.789	-7.923
Exchange differences on IFRS-16		6	-
Net gain/(loss) on cash flow hedges, net of tax		<u>86</u>	<u>303</u>
Other comprehensive income for the period, net of tax		<u>1.881</u>	<u>-7.620</u>
Total comprehensive income for the year		<u><u>84.332</u></u>	<u><u>6.682</u></u>
Extraordinary dividend after year end		50.000	-
Total extraordinary dividend after year end per share in DKK		125	-

Consolidated balance sheet

as at 31 December 2023

In thousands DKK	Notes	2023	2022	As at 1 January 2022
Assets				
Non-current assets				
Goodwill	10, 16	213.077	212.721	242.181
Completed development projects	10	9.562	11.834	15.067
Acquired trademarks and other rights	10	7.169	6.073	6.817
Property, plant and equipment	11	358.065	327.538	316.971
Biological assets	12	7.451	14.222	5.229
Right-of-use assets	15	5.900	4.777	5.631
Financial assets		305	305	341
Deferred tax assets	9	<u>7.646</u>	<u>6.122</u>	<u>9.325</u>
Total non-current assets		<u>609.175</u>	<u>583.592</u>	<u>601.562</u>
Current assets				
Inventories	13	144.899	123.159	109.628
Trade receivables	14	135.671	152.726	108.754
Other receivables	17	4.411	11.982	16.030
Prepayments		7.148	5.864	7.160
Income tax receivable		-	3.583	-
Cash and cash equivalents		<u>203</u>	<u>3.922</u>	<u>678</u>
Total current assets		<u>292.332</u>	<u>301.236</u>	<u>242.250</u>
Total assets		<u><u>901.507</u></u>	<u><u>884.828</u></u>	<u><u>843.812</u></u>

Consolidated balance sheet

as at 31 December 2023

In thousands DKK	Notes	2023	2022	As at 1 January 2022
Equity				
Share capital	22	40.000	40.000	40.000
Foreign currency translation reserve		-5.264	-7.053	870
Reserve for cash flow hedges		-	1.048	745
Retained earnings		276.888	193.297	178.995
Proposed dividend		-	-	5.000
Total equity		311.624	227.292	225.610
Liabilities				
Non-current liabilities				
Borrowings	17	219.666	280.562	276.962
Lease liabilities	15	3.264	2.737	3.292
Deferred tax liabilities	9	19.633	13.439	14.892
Other liabilities	17	50.990	76.914	78.917
Total non-current liabilities		293.553	373.652	374.063
Current liabilities				
Borrowings	17	44.797	77.732	42.084
Lease liabilities	15	2.931	2.240	2.339
Trade payables	17	130.065	134.149	104.930
Income tax liabilities		6.761	3.210	2.020
Other liabilities		111.776	66.553	92.766
Total current liabilities		296.330	283.884	244.139
Total liabilities		589.883	657.536	618.202
Total liabilities and equity		901.507	884.828	843.812

Consolidated statement of changes in equity
for the year ended 31 December 2023

In thousands DKK	Share capital	Foreign currency translation reserve	Reserve for cash flow hedges	Retained earnings	Proposed dividend	Total equity
As at 1 January 2023	40.000	-7.053	1.048	193.297	-	227.292
Profit for the period	-	-	-1.134	83.585	-	82.451
Other comprehensive income	-	1.789	86	6	-	1.881
Total comprehensive income	-	1.789	-1.048	83.591	-	84.332
Transactions with owners in their capacity as owners						
Dividends paid	-	-	-	-	-	-
As at 31 December 2023	40.000	-5.264	-	276.888	-	311.624

Consolidated statement of changes in equity
for the year ended 31 December 2022

In thousands DKK	Share capital	Foreign currency translation reserve	Reserve for cash flow hedges	Retained earnings	Proposed dividend	Total equity
As at 1 January 2022	40.000	870	745	178.995	5.000	225.610
Profit for the period	-	-	-	14.302	-	14.302
Other comprehensive income	-	-7.923	303	-	-	-7.620
Total comprehensive income	-	-7.923	303	14.302	-	6.682
Transactions with owners in their capacity as owners						
Dividends paid	-	-	-	-	-5.000	-5.000
As at 31 December 2022	40.000	-7.053	1.048	193.297	-	227.292

Consolidated statement of cash flows

for the year ended 31 December 2023

In thousands DKK	Notes	2023	2022
Cash flows from operating activities			
Net profit for the year		82.451	14.302
Adjustments	21	75.448	60.635
Changes in net working capital	21	27.194	-22.905
Interest received		4.596	1.107
Interest paid		-17.743	-8.132
Income taxes paid		-8.101	-5.696
Net cash inflow from operating activities		<u>163.845</u>	<u>39.311</u>
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired		-8.338	-
Payments for intangible assets		-2.191	-1.019
Payments for property, plant and equipment		-67.963	-53.594
Payments for biological assets		6.771	-14.222
Proceeds from sales of tangible assets		<u>936</u>	<u>667</u>
Net cash outflow from investing activities		<u>-70.785</u>	<u>-68.168</u>
Cash flows from financing activities			
Repayment of borrowings		-105.169	-
Proceeds from borrowings		11.338	39.252
Principal elements of lease payments		-2.948	-2.314
Dividends paid to shareholders		-	-5.000
Other financing activities		<u>-</u>	<u>163</u>
Net cash inflow (outflow) from financing activities		<u>-96.779</u>	<u>32.101</u>
Net increase (decrease) in cash and cash equivalents		<u><u>-3.719</u></u>	<u><u>3.244</u></u>
Cash and cash equivalents at the beginning of the financial year		3.922	678
Cash and cash equivalents at end of year		<u><u>203</u></u>	<u><u>3.922</u></u>

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Contents of the notes to the consolidated financial statements

Note 1 Material accounting policy information

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The consolidated financial statements are for the group consisting of Danæg Holding A/S and its subsidiaries ('the Group').

Basis of preparation

The consolidated financial statements for the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as well as additional the Danish disclosure requirements applying to entities of reporting class C for large enterprises.

The consolidated financial statements are presented in thousands Danish Kroner ('DKK') and all values are rounded to the nearest thousand, except when otherwise indicated.

First-time adoption of IFRS

These consolidated financial statements are the first consolidated financial statements that are presented in accordance with IFRS.

The comparative figures for 2022 in the income statement and the balance sheet items as at 1 January 2022 and 31 December 2022 were restated in accordance with IFRS. The accounting policies applied are based on the standards and interpretations effective for 2023. No standards or interpretations which are not yet effective have been adopted.

Refer to note 30 for information on how the Group adopted IFRS.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Principles of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Contents of the notes to the consolidated financial statements

Note 1 Material accounting policy information

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
 - amount of any non-controlling interest in the acquired entity, and
 - acquisition-date fair value of any previous equity interest in the acquired entity
- over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as a financial liability and subsequently remeasured to fair value, with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Danish Kroner (DKK), which is the also parent's functional currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Contents of the notes to the consolidated financial statements

Note 1 Material accounting policy information

The results and financial position of foreign operations that have a functional currency different from Danish Kroner are translated into Danish Kroner as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates, and
- all resulting exchange differences are recognised in other comprehensive income

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Leases

The Group leases various properties, vehicles, and other equipment. Property contracts typically have a duration of 12 months to 3 years but may have extension and termination options, see note 15.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the group, and
- makes adjustments specific to the lease, e.g term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability

Contents of the notes to the consolidated financial statements

Note 1 Material accounting policy information

- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases of property, vehicles and equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Derivatives and hedge accounting

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value over profit and loss. Derivatives are carried as financial assets, presented under other receivables, when the fair value is positive and as financial liabilities, presented under other payables, when the fair value is negative.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship and the risk management objective and strategy for undertaking the hedge.

Changes in the fair value of derivative financial instruments designated as cash flow hedges are recognised in other comprehensive income and presented under "Reserve for cash flow hedges" (equity). Where the expected future transactions results in the acquisition of non-financial assets, any amounts deferred under equity are transferred from equity to the cost of the asset. Where an expected future transaction results in income or expense, any amounts deferred under equity are transferred from equity to the income statement in the same item as the hedged transaction as a reclassification adjustment.

The amount included in the hedging reserve is the lower of, in absolute amounts, of the cumulative fair value adjustment of the hedging instrument and the hedged item. Ineffectiveness is recognised in the income statement.

Income statement

Revenue

The Group produces and sells a wide range of egg and egg-related products in the wholesale market.

The Group enters into various framework agreements with customers, which lay the groundwork for future product purchases. Each product order represents a single performance obligation. The Group's customer contracts may include various forms of variable consideration, such as retrospective volume discounts based on the quantity of products sold to a specific customer over a 12-month period. These volume discounts are estimated, and a liability is recognised for the expected amount to be paid to the customer. Sources of variable consideration are accounted for as a reduction in the transaction price, and thus reduces the revenue being recognised.

Revenue from each order is recognised when control has transferred to the customer, which is upon delivery of the goods. No significant element of financing is deemed present as the sales are made with an average credit term of approximately 30 days.

Contents of the notes to the consolidated financial statements

Note 1 Material accounting policy information

Production costs

Production costs includes the costs incurred to achieve the year's revenue. The cost price comprises raw materials, auxiliary materials, direct wages, indirect production costs, such as maintenance and depreciation etc. as well as operation, administration and management of factories. Depreciation of goodwill is also recognised under production costs to the extent that goodwill relates to the production activity. In addition, changes in fair value of the biological assets is recognised in production costs.

Distribution costs

Distribution costs comprises direct costs for wages for sales and distribution staff, advertising and marketing costs, transportation costs and depreciation, etc. Depreciation of goodwill is also included to the extent that goodwill relates to the distribution activity.

Administration expenses

Administrative costs comprises costs for the management, the administrative staff, office costs, depreciation etc. Depreciation of goodwill is also included in the share relating to the administration activity.

Other operating income and expenses

Other operating income and other operating costs comprise accounting items of a secondary nature in relation to the Group's main activity, including profit and loss on the sale of intangible and tangible assets.

Financial income and expenses

Financial income and expenses (net financial items) include interest income and expenses calculated in accordance with the effective interest method, exchange rate adjustments, amortisation of mortgage loans as well as supplements and reimbursements under the advance tax scheme.

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

Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Contents of the notes to the consolidated financial statements

Note 1 Material accounting policy information

Deferred tax assets and liabilities

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Balance sheet

Goodwill

Goodwill on acquisitions of subsidiaries is measured as described under business combinations. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Development projects

Costs associated with research are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of a development project include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are amortised from the point at which the asset is ready for use.

Contents of the notes to the consolidated financial statements

Note 1 Material accounting policy information

Acquired trademarks and other rights

Separately acquired trademarks and other rights are shown at historical cost. Trademarks and other rights acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

Completed development projects	3 - 5 years
Acquired trademarks and other rights	10 years
Goodwill	Not amortised

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation methods and useful lives

Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

Land and buildings	10 - 25 years
Production assets and machinery	6 - 10 years
Other fixtures, fittings and equipment	3 - 6 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Biological assets

Biological assets are measured on initial recognition and at the end of each reporting period at fair value less costs to sell. Changes in fair value of the Group's hens are recognised in profit or loss as part of production costs. Costs related to harvesting the eggs are expensed as incurred.

Fair value of the biological assets decreases linearly over its estimated useful life due to a decrease in remaining egg production. The estimated useful life of the biological assets are 95 weeks. At the time of harvest, eggs are measured at fair value less costs to sell and transferred to inventories.

Methods used to measure fair value less costs to sell are provided in note 20. Key assumptions used to determine the fair value of biological assets and sensitivity analysis are provided in note 12.

Contents of the notes to the consolidated financial statements

Note 1 Material accounting policy information

Financial assets

Financial assets comprises ownership shares in trading associations, which are valued at cost price.

Impairment of assets

Goodwill and development projects in progress are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Inventories

Inventories are measured at the lower of cost and net realisable value under the FIFO method. The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses.

The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price. The cost of goods for resale equals landed cost. The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost less loss allowance. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss.

Other receivables

Other receivables consist of accrual accounting, deposits, other accounts receivable and hedging instruments.

Prepayments

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

Financial liabilities

Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Contents of the notes to the consolidated financial statements

Note 1 Material accounting policy information

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Equity reserves

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Foreign currency translation reserve

Exchange differences arising on translation of the parent company and of foreign controlled entities into DKK, are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Reserve for cash flow hedges

Reserve for cash flow hedges comprises accumulated changes in the fair value of derivative financial instruments that qualify for hedging of future cash flows, where the hedged position has not yet been realised. The changes in fair value are transferred either to the income statement when the hedged positions are realised or to the cost price of a non-financial asset, if this is the hedged item.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period, but not distributed at the end of the reporting period.

Statement of cash flows

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 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. Working capital comprises current assets less short-term debt, excluding items included in cash and cash equivalents.

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 comprise cash flows from the raising and repayment of long-term debt and principal element on lease payments as well as payments to and from shareholders.

Contents of the notes to the consolidated financial statements

Note 1 Material accounting policy information

Cash and cash equivalents

Cash and cash equivalents comprises cash and bank balances.

Key figures

The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Gross margin	$\text{Gross margin} \times 100 / \text{revenue}$
Operating margin	$\text{Operating profit} \times 100 / \text{revenue}$
Return on assets	$\text{Operating profit} \times 100 / \text{total assets ultimo}$
Equity ratio	$\text{Equity ultimo} \times 100 / \text{total assets ultimo}$
Return on equity	$\text{Net profit (loss)} \times 100 / \text{average equity}$
Gearing ratio	$\text{Net interest-bearing debt} / \text{EBITDA}$
Net interest bearing debt (NIBD)	$\text{Net interest-bearing debt} \text{ minus cash}$
Net working capital (NWC)	$\text{Inventory} + \text{trade receivables} - \text{trade and other payables}$

Contents of the notes to the consolidated financial statements

Note 2 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

Significant judgements

Biological assets

Method for valuation of poultry

The fair value of poultry is determined by reference to market prices for poultry for that local area adjusted for obsolescence. Significant judgements include applying a cost approach, often referred to as current replacement cost, as a fair value model because this incorporates the specific location and genetics for the poultry, and in the management's view, is the most appropriate valuation model for estimating the fair value. Another approach would be to use a discounted cash flow model, which would estimate an entity-specific fair value. This approach, however, would not give a fair value of the biological assets relative to the market due to a significant amount of entity inputs.

Key assumptions to determine fair value of the biological assets and sensitivity analysis are provided in note 12.

Critical estimates

Impairment of non-financial assets

Goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in note 16.

Contents of the notes to the consolidated financial statements

Note 3 Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods at a point in time in the following geographical regions and from the following product categories:

2023					
In thousands DKK	Denmark	Finland	Sweden	Other	Total
Shell eggs	414.617	215.316	267.834	71.930	969.697
Processed products	192.796	165.762	399.298	355.445	1.113.301
	<u>607.413</u>	<u>381.078</u>	<u>667.132</u>	<u>427.375</u>	<u>2.082.998</u>

2022					
In thousands DKK	Denmark	Finland	Sweden	Other	Total
Shell eggs	355.355	212.602	418.053	101.284	1.087.294
Processed products	148.049	127.418	201.839	314.503	791.809
	<u>503.404</u>	<u>340.020</u>	<u>619.892</u>	<u>415.787</u>	<u>1.879.103</u>

Revenues from external customers come from the sale of goods on a wholesale basis.

Contents of the notes to the consolidated financial statements

Note 4 Other income and expense items

In thousands DKK	2023	2022
Other income and expenses		
Change in contingent consideration related to business combination	10.486	22.606
Other income	92	184
Other expenses	<u>-31</u>	<u>-15</u>
	<u>10.547</u>	<u>22.775</u>

Change in contingent consideration related to business combination is specified in note 17.

Contents of the notes to the consolidated financial statements

Note 5 Staff costs

In thousands DKK	2023	2022
Wages and salaries	152.837	142.907
Pension cost, defined contribution plans	16.033	15.698
Other social security costs	15.117	13.675
Other staff costs	8.394	8.403
	<u>192.381</u>	<u>180.683</u>
Average number of employees	<u>389</u>	<u>357</u>

Key management personnel compensation

Key management personnel consists of the Executive Board and the Board of Directors. The compensation paid or payables to key management personnel for employee services is shown below:

In thousands DKK	Executive Board	Board of Directors	Total
2023			
Wages and salaries	9.725	1.460	11.185
Other social security costs	<u>1.650</u>	<u>-</u>	<u>1.650</u>
	<u>11.375</u>	<u>1.460</u>	<u>12.835</u>

In thousands DKK	Executive Board	Board of Directors	Total
2022			
Wages and salaries	7.948	1.337	9.285
Other social security costs	<u>1.068</u>	<u>-</u>	<u>1.068</u>
	<u>9.016</u>	<u>1.337</u>	<u>10.353</u>

Contents of the notes to the consolidated financial statements

Note 6 Depreciation, amortisation and impairment

In thousands DKK	2023	2022
Depreciation and amortisation		
Depreciation of property, plant and equipment	36.580	38.039
Depreciation of right-of-use assets	2.902	2.448
Amortisation of intangible assets	5.268	4.994
	<u>44.750</u>	<u>45.481</u>
Impairment		
Impairment of intangible assets	6.000	29.460
	<u>6.000</u>	<u>29.460</u>
Total depreciation, amortisation and impairment	<u>50.750</u>	<u>74.941</u>

Contents of the notes to the consolidated financial statements

Note 7 Financial income and expenses

In thousands DKK	2023	2022
Financial income		
Interest income from bank and customers	4.596	162
Foreign exchange rate gains	-	945
Total financial income	<u>4.596</u>	<u>1.107</u>
Financial expenses		
Interest expenses on borrowings	-17.321	-8.065
Interest expenses on lease liabilities	-148	-67
Foreign exchange rate losses	-274	-
Total financial expenses	<u>-17.743</u>	<u>-8.132</u>
Net finance costs	<u>-13.147</u>	<u>-7.025</u>

Contents of the notes to the consolidated financial statements

Note 8 Income tax expense

In thousands DKK	2023	2022
Current tax		
Current tax on profits for the year	-15.255	-3.303
Adjustments for current tax of prior periods	27	44
Deferred income tax	<u>-4.706</u>	<u>-2.508</u>
Income tax expense	<u><u>-19.934</u></u>	<u><u>-5.767</u></u>

In thousands DKK	2023	2022
Reconciliation of effective tax rate		
Calculated tax at the Danish tax rate of 22% (2022: 22%)	22.591	7.377
Less tax in foreign operations in relation to the Danish tax rate of 22% rate (2022: 22%)	-792	-360
Tax effects of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible expenses	-1.838	-1.206
Adjustments for current tax of prior periods	<u>-27</u>	<u>-44</u>
Income tax expense at the effective tax rate of 19,4% (2022: 17,3%)	<u><u>19.934</u></u>	<u><u>5.767</u></u>

Contents of the notes to the consolidated financial statements

Note 9 Deferred tax

In thousands DKK	2023	2022
Deferred tax at 1 January	7.317	5.567
Deferred tax recognised in the statement of profit or loss	4.744	2.465
Exchange adjustment	<u>-74</u>	<u>-715</u>
Deferred tax at 31 December	<u>11.987</u>	<u>7.317</u>
Deferred tax relates to:		
Intangible assets	841	2.104
Property, plant and equipment	-8.047	-7.410
Right-of-use assets	-66	-44
Inventories	284	-135
Tax losses carried forward	-685	-685
Other	<u>19.660</u>	<u>13.487</u>
Deferred tax asset, recognised	<u>11.987</u>	<u>7.317</u>
Of which presented as deferred tax assets	7.646	6.122
Of which presented as deferred tax liabilities	<u>19.633</u>	<u>13.439</u>
Deferred tax at 31 December	<u>11.987</u>	<u>7.317</u>

In line with the requirements in IAS 12, the deferred tax assets and liabilities are offset as they have a legal right to set off and relate to income tax with the same taxation authority.

The recognised tax assets that relates to tax losses carried forward, which is the result of previous years taxable income ascertained in 2018. In connection with the assessment of the utilisation of the tax assets, special emphasis has been placed on that the most significant tax loss carry forward are in markets, where the Group now is well established and these operations are expected to generate positive results going forward.

Contents of the notes to the consolidated financial statements

Note 10 Intangible assets

In thousands DKK	Goodwill	Completed development projects	Acquired trademarks and other rights	Total
Cost:				
At 1 January 2022	242.181	24.766	6.817	273.764
Additions	-	1.019	-	1.019
Additions from business combinations	-	-	-	-
Disposals	-	-1.461	-	-1.461
Transfers	-	-	-	-
Exchange differences	-57	-	-	-57
At 31 December 2022	<u>242.124</u>	<u>24.324</u>	<u>6.817</u>	<u>273.265</u>
Accumulated depreciation and impairment:				
At 1 January 2022	-	-9.699	-	-9.699
Amortisation charge	-	-2.791	-744	-3.535
Impairment	-29.460	-	-	-29.460
Exchange differences	57	-	-	57
At 31 December 2022	<u>-29.403</u>	<u>-12.490</u>	<u>-744</u>	<u>-42.637</u>
Carrying amount 31 December 2022	<u>212.721</u>	<u>11.834</u>	<u>6.073</u>	<u>230.628</u>
Cost:				
At 1 January 2023	242.124	24.324	6.817	273.265
Additions	-	2.191	-	2.191
Additions from business combinations	6.355	-	1.919	8.274
Disposals	-	-4.898	-	-4.898
Transfers	-	-	-	-
Exchange differences	3	18	-	21
At 31 December 2023	<u>248.482</u>	<u>21.635</u>	<u>8.736</u>	<u>278.853</u>
Accumulated depreciation and impairment:				
At 1 January 2023	-29.403	-12.490	-744	-42.637
Amortisation charge	-	421	-823	-402
Impairment	-6.000	-	-	-6.000
Exchange differences	-2	-4	-	-6
At 31 December 2023	<u>-35.405</u>	<u>-12.073</u>	<u>-1.567</u>	<u>-49.045</u>
Carrying amount 31 December 2023	<u>213.077</u>	<u>9.562</u>	<u>7.169</u>	<u>229.808</u>

Contents of the notes to the consolidated financial statements

Note 10 Intangible assets

Impairment charge

The carrying amount of the Finland CGU has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. This loss is included in administrative costs in the statement of profit or loss. The impairment charge was primarily due to effects from higher energy prices and freight, feed prices and consumer changes due to inflation in both the Finnish market and the egg market in general, which has a negative impact on the performance in 2022.

The carrying amount of the Denmark CGU has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. This loss is included in administrative expenses in the statement of profit or loss. The impairment charge was due to decreasing sales and the subsequent out-phasing of cage eggs.

See note 16 for specifications on the impairment tests of goodwill.

Development projects

Development projects comprises the cost directly related to the development of the software in Group.

Acquired trademarks and other rights

Acquired trademarks and other rights are related to the subsidiaries acquired in 2021 and 2023. The trademarks are mostly related to the name and logo, which are valuable to consumers, hence a part of the purchase value have been allocated to the trademarks and is subsequently amortised according to the accounting policies in note 1.

Contents of the notes to the consolidated financial statements

Note 11 Property, plant and equipment

In thousands DKK	Land and buildings	Plant and machinery	Other fixtures, fittings and equipment	Total
Cost:				
At 1 January 2022	280.466	449.912	40.850	771.228
Adjustment relating to prior years	-	-	321	321
Additions	26.111	24.746	2.737	53.594
Additions from business combinations	-	-	-	-
Transfers	-5	111	-105	1
Disposals	-5	-187	-1.501	-1.693
Exchange differences	-2.741	-14.099	-984	-17.824
At 31 December 2022	<u>303.826</u>	<u>460.483</u>	<u>41.318</u>	<u>805.627</u>
Accumulated depreciation and impairment:				
At 1 January 2022	-137.402	-288.530	-28.325	-454.257
Adjustment relating to prior years	-	-	-34	-34
Depreciation charge	-8.828	-26.663	-1.500	-36.991
Impairment	-	-	-	-
Exchange differences	2.010	10.282	901	13.193
At 31 December 2022	<u>-144.220</u>	<u>-304.911</u>	<u>-28.958</u>	<u>-478.089</u>
Carrying amount 31 December 2022	<u>159.606</u>	<u>155.572</u>	<u>12.360</u>	<u>327.538</u>
Cost:				
At 1 January 2023	303.826	460.683	41.318	805.827
Additions	21.966	41.606	4.392	67.964
Additions from business combinations	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-7.875	-890	-8.765
Exchange differences	427	1.103	56	1.586
At 31 December 2023	<u>326.219</u>	<u>495.517</u>	<u>44.876</u>	<u>866.612</u>
Accumulated depreciation and impairment:				
At 1 January 2023	-144.220	-304.911	-28.958	-478.089
Depreciation charge	-9.522	-17.470	-2.499	-29.491
Impairment	-	-	-	-
Exchange differences	-168	-748	-51	-967
At 31 December 2023	<u>-153.910</u>	<u>-323.129</u>	<u>-31.508</u>	<u>-508.547</u>
Carrying amount 31 December 2023	<u>172.309</u>	<u>172.388</u>	<u>13.368</u>	<u>358.065</u>

Contents of the notes to the consolidated financial statements

Note 12 Biological assets

In thousands DKK	2023	2022
Poultry		
Carrying amount at 1 January	14.222	5.229
Increase due to purchases	8.192	16.676
Change in fair value due to price changes	-681	-871
Decrease due to obsolescence	-14.282	-6.812
Carrying amount at 31 December	7.451	14.222

The Group's biological assets consist of poultry and is used as part of its normal operations as production of barn eggs. The Group's poultry is located in Finland. The poultry is placed in henhouses when they are around 4 month old, after which they are involved in egg production until the expected time of culling when they are around 20-23 month old. Yearly production is around 8.000 tons of egg.

Refer to note 1 to see how the Group accounts for biological assets. See note 18 for risk management strategies regarding biological assets.

Valuation of biological assets

For poultry, market-based prices are not available in its present location and condition, hence fair value should be measured on the basis of a valuation technique which is appropriate in the circumstances and for which sufficient data is available to measure fair value.

The Group determines the fair value less costs to sell of its poultry using the depreciated replacement cost approach adjusted for obsolescence, as this reflects the amount that would be required currently to replace the service capacity of the Group's poultry. Obsolescence in this case is the decreased production of eggs by poultry as they age and diseases etc.

The Group has classified its biological assets within level 3 of the fair value hierarchy, being that the transaction prices used in the depreciated replacement cost approach is not observable in active markets.

Valuation inputs and the relationship to the fair value is, as a consequence of the depreciated replacement cost approach, based on transaction prices, which means that the higher the market price of the poultry, the higher the fair value.

Sensitivity analysis of significant unobservable inputs

In thousands DKK	Variance	Increase / decrease in fair value	Estimated fair value 2023	2022
Poultry market price	5,00%	373	7.824	14.933

Valuation process

The Group has a team within the External Reporting department that performs the valuation of biological assets. When considering the appropriate market prices for poultry to use, the team reviews available information such as the latest transaction prices. The valuation policies and procedures, as well as changes in the fair value measurements are reviewed by the chief financial officer (CFO) annually. The CFO is responsible for the Group's valuation team.

Contents of the notes to the consolidated financial statements

Note 13 Inventories

The Group's inventories comprise the following:

In thousands DKK	2023	2022
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Amounts recognised in the balance sheet

Raw materials and stores	49.563	46.243
Finished goods	<u>95.336</u>	<u>76.916</u>
	<u>144.899</u>	<u>123.159</u>

There have been no write downs on inventory in 2023 or 2022.

Amounts recognised in profit or loss

Inventories recognised as an expense during the year ended 31 December 2023 amounted to 1.606 mDKK (2022: 1.494 mDKK).

Contents of the notes to the consolidated financial statements

Note 14 Trade receivables

In thousands DKK	2023	2022
Trade receivables from contracts	135.941	152.951
Loss allowance	<u>-270</u>	<u>-225</u>
	<u>135.671</u>	<u>152.726</u>

Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

For further information on the loss allowance provision, see note 17.

Transferred receivables

The carrying amounts of the trade receivables include receivables which are subject to a factoring arrangement. Under this arrangement, the Group has transferred the relevant receivables to the factor in exchange for cash and is prevented from selling or pledging the receivables. However, the Group has retained late payment and credit risk, and therefore continues to recognise the transferred assets in their entirety in its balance sheet.

In thousands DKK	2023	2022
Carrying amount of transferred trade receivables	<u>8.831</u>	<u>17.924</u>

Management considers that in substance the factor collects the amounts receivable on the Group's behalf and retains the cash in settlement of the separate financing transaction. The Group therefore presents the cash inflows received from the bank as financing cash inflows and the subsequent payments by the debtor as both operating cash inflows and financing cash outflows.

Fair value of trade receivables

Due to the short-term nature of the current receivables, the carrying amount is considered to be the same as the fair value.

Offsetting arrangements

The Group gives volume-based rebates to selected wholesalers. Under the terms of the supply agreements, the amounts payable by the Group are offset against receivables from the wholesalers and only the net amounts are settled. The relevant amounts have therefore been presented net in the statement of financial position. The offsetting arrangements amounts to DKK 35.604 thousands in 2023 (2022: DKK 26.976 thousands). If presented gross, the recognised trade receivables would have been DKK 171.275 thousands in 2023 (2022: DKK 179.702 thousands) and the recognised trade payables would have been DKK 165.669 thousands in 2023 (2022: DKK 161.125 thousands).

Contents of the notes to the consolidated financial statements

Note 15 Leases

In thousands DKK	2023	2022
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Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

Right-of-use assets

Properties	476	-
Vehicles	3.410	2.686
Other equipment	<u>2.014</u>	<u>2.091</u>
	<u>5.900</u>	<u>4.777</u>

Lease liabilities

Current	2.931	2.240
Non-current	<u>3.264</u>	<u>2.737</u>
	<u>6.195</u>	<u>4.977</u>

Additions to the right-of-use assets	<u>4.214</u>	<u>1.667</u>
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Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation charge of right-of-use assets

Properties	187	-
Vehicles	1.897	1.751
Other equipment	<u>818</u>	<u>697</u>
	<u>2.902</u>	<u>2.448</u>

Interest expense on lease liabilities	-148	-67
Expense relating to short-term leases	303	223
Expense relating to leases of low-value assets	<u>18</u>	<u>11</u>

Total cash outflow for leases	<u>3.077</u>	<u>2.397</u>
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Extension and termination options

Property leasing covers on single property located in Färgelanda, Sweden. The contract commenced on 1 March 2016 and was initially set to expire on 28 February 2020. However, the contract automatically extends for one year if neither the lessor nor Danæg gives notice of termination to the other party. This notice must be given at least nine months before the contract's expiration.

Car leases generally have a lease period of three to five years, with no extension or termination options included in the contracts.

Leases for machinery and other equipment generally have a lease period of three to five years, with no extension or termination options included in the contracts.

Contents of the notes to the consolidated financial statements

Note 16 Impairment tests

Impairment tests for goodwill

Goodwill is allocated to the following operating segments for the purpose of impairment testing goodwill acquired through business combinations. The carrying amount of goodwill amounts to DKK 213.077 thousands (2022: DKK 213.721 thousands) and relates to the acquisitions of Munax Oy and Torggummans Ägg AB. The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 reporting periods, the recoverable amount of the CGU's was determined based on value in use calculations which require the use of assumptions.

2023					
In thousands	DKK	Denmark	Finland	Sweden	Total
Goodwill		-	206.721	6.356	213.077

2022					
In thousands	DKK	Denmark	Finland	Sweden	Total
Goodwill		6.000	206.721	-	212.721

Description of impaired CGU

Denmark

CGU's in the Group are based on entity level. The CGU in Denmark produces eggs and egg related products and was impaired due to a decrease and subsequent out-phasing of the sale of cage eggs.

Finland

The impaired CGU in 2022 in Finland is an entity, which produces eggs and egg related products similar to the rest of the Group. For additional information on the impairment, see note 10.

Key assumptions used for value in use calculations

The Group tests whether goodwill has suffered any impairment on an annual basis. For the 2023 and 2022 reporting periods, the recoverable amount of the CGU's was determined based on value in use calculations which require the use of assumptions.

The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with the average growth rates in the economy.

The following table sets out the key assumptions for the goodwill:

2023			
Key assumptions	Denmark	Finland	Sweden
Long-term growth rate for terminal period:	1,5%	1,5%	1,5%
Pre-tax discount rate:	11,3%	11,3%	11,3%
Budgeted annual revenue growth rate:	2,0%	3,3%	4,3%
Budgeted EBIT margin	7,3%	8,6%	4,6%
Annual capital expenditure (DKK thousands)	4	1.717	3.128

Contents of the notes to the consolidated financial statements

Note 16 Impairment tests

2022			
Key assumptions	Denmark	Finland	Sweden
Long-term growth rate for terminal period:	1,5%	1,5%	-
Pre-tax discount rate:	10,0%	11,4%	-
Average budgeted annual revenue growth rate:	-	4,1%	-
Budgeted EBIT margin	9,4%	8,0%	-
Annual capital expenditure (DKK thousands)	-	2.620	-

Management has determined the values assigned to each of the above key assumptions as follows:

- Long-term growth rate for terminal period: This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts in the economy.
- Pre-tax discount rate: Reflect specific risks relating to the relevant segments and the countries in which they operate.
- Budgeted annual revenue growth rate: Average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts for the respective countries.
- Budgeted EBIT margin: Based on past performance and management's expectations for the future.
- Annual capital expenditure: This is based on the historical experience of management, and the planned expenditures.

Contents of the notes to the consolidated financial statements

Note 17 Financial assets and financial liabilities

The Group holds the following financial instruments:

In thousands DKK	2023	2022
Financial assets		
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	44	5
Total financial assets at fair value	<u>44</u>	<u>5</u>
Financial assets at amortised cost		
Trade receivables	135.671	152.726
Other receivables	4.367	11.977
Cash and cash equivalents	305	305
	<u>140.343</u>	<u>165.008</u>
Derivatives not designated as hedging instruments reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases		
Financial liabilities		
Derivatives not designated as hedging instruments		
Foreign exchange forward contracts	147	1
Derivatives designated as hedging instruments		
Interest rate swaps	-	110
Financial liabilities at fair value through profit or loss		
Contingent consideration	65.993	76.380
Total financial liabilities at fair value	<u>66.140</u>	<u>76.491</u>
Liabilities at amortised cost		
Trade payables	130.065	134.149
Other liabilities	96.627	66.976
Borrowings	264.463	358.294
Lease liabilities	6.195	4.977
	<u>497.349</u>	<u>564.396</u>

Trade payables are unsecured and are usually paid within 30 days of recognition. Where trade payables are settled via electronic cash transfer, they are derecognised when the Group has no ability to withdraw, stop or cancel the payment, has lost the practical ability to access the cash as a result of the electronic payment instruction, and the risk of a settlement not occurring is insignificant.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Derivatives not designated as hedging instruments reflect the negative change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

Contents of the notes to the consolidated financial statements

Note 17 Financial assets and financial liabilities

Derivatives designated as hedging instruments reflect the negative change in fair value of interest rate swaps, designated as cash flow hedges to hedge interest rate risk.

Contingent consideration is in relation to acquisition of a subsidiary in 2021, where part of the total purchase value is based on an earn-out agreement. This earn-out agreement is payable in the financial years 2022, 2023 and 2027 and is contingent on EBITDA achieved by the subsidiary for the financial years above. The potential undiscounted amount payable under the agreement is DKK 53,8 millions. The fair value of the contingent consideration was estimated by calculating the present value of the future expected cash flows discounted by the incremental borrowing rate of Finnish unsecured debt instruments, without adjustment of any interest supplement but assumed probability-adjusted sales. It is assessed that the earn-out agreement payable in the financial year 2027 is highly probable, hence the recognised amount is close to the expected cash payment.

Borrowings

In thousands DKK	2023			2022		
	Current	Non-current	Total	Current	Non-current	Total
Mortgage loans	11.666	109.964	121.630	15.129	127.870	142.999
Bank loans	33.131	109.702	142.833	62.603	152.692	215.295
	<u>44.797</u>	<u>219.666</u>	<u>264.463</u>	<u>77.732</u>	<u>280.562</u>	<u>358.294</u>

For the borrowings, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature. All financial instruments are measured based on level 2 input. The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate.

The borrowings for the Group are divided into mortgage and bank loans and covers plenty different loans. Part of them is remunerated at fixed rate in the range of 0,90% to 1,55%. Their maturity period ends from beginning of 2024 until end of 2032. The other part is remunerated at variable rate in the range of 5,25% to 8,24% and the maturity periode ends in 2029 and 2043.

The Group's exposure to various risks associated with the derivative financial instruments are explained in note 18 and 19.

Contents of the notes to the consolidated financial statements

Note 18 Financial risk management

The Group's principal financial liabilities, other than derivatives, primarily comprise mortgage loans, bank loans, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and cash equivalents. The Group also enters into derivative transactions.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's management oversees the management of these risks. The Group's management is supported by the Board of Directors that advises on financial risks and the appropriate financial risk governance framework for the Group. The Board of Directors provides assurance to the Group's management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises interest rate risk and currency risk. Financial instruments affected by market risk include borrowings, trade receivables, trade payables and derivative financial instruments.

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. The Group continuously monitor interest rate trends and market conditions to anticipate potential changes and regularly assess the impact of interest rate fluctuations on financial statements and adjust financial strategies accordingly.

Generally, the Group's policy was to enter into long-term borrowings at floating rates and swap them into fixed rates. Going forward, the Group's policy will be to enter into long-term fixed rate borrowings to manage risks. For additional information on the interest rate swaps, see note 19. During 2023 and 2022, the Group's borrowings at variable rate were primarily denominated in DKK and EUR.

A reasonably possible change in the market interest rate compared to the interest rates as of the end of the reporting period will have the following hypothetical impact on profit after tax and equity:

In thousands DKK	2023	2022
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Impact on post tax profit and equity

Interest rate - increase of 1% (2022 of 2%)	-1.786	-4.472
Interest rate - decrease of 1,5% (2022 of 0,5%)	<u>2.679</u>	<u>1.118</u>

The interest rate swap has been redeemed in 2023 and is no longer expected to occur going forward. The Group will instead use loans with a fixed interest rate to reduce the interest rate risk.

Currency risk

The Group operates internationally and is exposed to foreign exchange risk, primarily Euro, SEK, GBP and the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant Group entity. The Group uses foreign currency forwards to hedge its exposure to foreign currency risk, see note 17.

The table below demonstrates the sensitivity to a reasonably possible change in USD, SEK and GBP exchange rate, with all other variables held constant. The Group's exposure to changes in EUR is not material due to DKK/EUR fixed rate policy.

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Note 18 Financial risk management

In thousands DKK	2023	2022
Impact on post tax profit and equity		
Change in USD rate - increase of 5% (2022 of 4%)	-309	-616
Change in USD rate - decrease of 3% (2022 of 3%)	185	462
Change in SEK rate - increase of 4% (2022 of 4%)	-9.978	-8.134
Change in SEK rate - decrease of 3% (2022 of 3%)	7.483	6.101
Change in GBP rate - increase of 4% (2022 of 4%)	-275	-240
Change in GBP rate - decrease of 2% (2022 of 3%)	138	180

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables.

Credit risk is managed on a Group basis. For banks and financial institutions, the Group has established relationships with reliable banks. Furthermore, the Group maintains adequate cash reserves and identifies risks while ensuring proper segregation of duties where possible.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. On that basis, the loss allowance as at 31 December 2023 and 31 December 2022 was determined as follows for both trade receivables.

In thousands DKK	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
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At 31 December 2023

Expected loss rate	0,01	0,00	0,20	0,50	-
Gross carrying amount - trade receivables	125.827	9.559	761	-206	135.941
Loss allowance	125	-	100	45	270

At 31 December 2022

Expected loss rate	0,01	0,10	0,25	0,00	-
Gross carrying amount - trade receivables	151.170	2.419	57	-695	152.951
Loss allowance	125	79	21	-	225

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

Contents of the notes to the consolidated financial statements

Note 18 Financial risk management

In thousands DKK	Trade receivables	
	2023	2022
Opening loss allowance	225	225
Reserved for loss allowance during the year	45	-
Receivables written off during the year as uncollectible	-	-
Closing loss allowance	<u>270</u>	<u>225</u>

For some trade receivables the Group may obtain security in the form of credit insurance, which can be called upon if the counterparty is in default under the terms of the agreement. The Group has insured approximately 70% of its trade receivables at a large global insurance company, while the remaining uninsured 30% are trade receivables from counterparties with no historic loss. Trade receivables and contract assets are written off where there is no reasonable expectation of recovery.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining availability under committed credit lines. To obtain the flexibility in funding the Group has selected to obtain short term overdraft facilities in different currencies to be able to meet obligations when due. The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

The Group's policy is to secure adequate liquidity to always meet the planned future financial and operational payment obligations for minimum of the next 12 months period. The Group has an adequate liquidity position allowing management to carry out the planned strategy. The Group monitors the liquidity risk through follow up against plans and forecasting of cash flow.

Maturities of financial liabilities

The amounts disclosed in the following table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

In thousands DKK				Total contractual cash flows	Carrying amount
	Less than 1 year	1 - 5 years	More than 5 years		
Contractual maturities of financial liabilities					
Trade payables	130.065	-	-	130.065	130.065
Mortgage loans	13.224	66.120	65.702	145.046	121.630
Bank loans	38.181	108.909	786	147.876	142.833
Lease liabilities	2.931	3.264	-	6.195	6.195
Other liabilities	<u>111.776</u>	<u>50.990</u>	<u>-</u>	<u>162.766</u>	<u>162.766</u>
	<u>296.177</u>	<u>229.283</u>	<u>66.488</u>	<u>591.948</u>	<u>563.489</u>

At 31 December 2023

Contents of the notes to the consolidated financial statements

Note 18 Financial risk management

In thousands DKK					
	Less than		More than	Total	Carrying
Contractual maturities of financial liabilities	1 year	1 - 5 years	5 years	contractual cash flows	amount

At 31 December 2022

Trade payables	134.149	-	-	134.149	134.149
Mortgage loans	15.875	75.272	64.115	155.262	142.999
Bank loans	73.151	142.000	8.009	223.160	215.295
Lease liabilities	2.240	2.737	-	4.977	4.977
Other liabilities	66.553	25.967	50.947	143.467	143.467
	<u>291.968</u>	<u>245.976</u>	<u>123.071</u>	<u>661.015</u>	<u>640.887</u>

Financial risk management strategies for biological assets

The Group is exposed to risks arising from disease outbreak and financial risk in respect of the Group's biological assets. The Group manages disease outbreak by segregating of poultry as well as significant testing of both poultry and eggs. The Group has strong environmental policies and procedures in place to comply with environmental and other laws.

To reduce risk related to disease outbreak, the Group has insurance which ensures that the cost price of the poultry would be claimed to the insurance company.

The Group is exposed to risks arising from fluctuations in the price of poultry, however the Group has long-term relationships with poultry suppliers to ensure a stable supply. For price fluctuations, the Group follows analyses the market for the input of raising the poultry, hence the Group has an overview of price fluctuations.

Contents of the notes to the consolidated financial statements

Note 19 Hedging

The Group uses interest rate swap contracts to hedge and interest risk regarding highly probable future cash flows and designates them as cash flow hedges subject to meeting the criteria for application of cash flow hedging.

The hedging ratios are determined as the notional value of the instrument divided by the notional value of the hedge item. The Group seeks to establish hedge relationships with a hedging ratio of 1:1. Due to the nature of the hedge items risk, this will be possible by either designating a proportion of the hedge instrument or the hedge notional value being equal or lower of the hedge items notional value.

The table below shows the movement in the reserve for cash flow for hedging.

In thousands DKK	2023	2022
Fair value change of cash flow hedges		
Cumulative fair value change at 1 January	-110	-499
Fair value adjustment at year-end, net	-	389
Reclassified from OCI to profit or loss	<u>110</u>	<u>-</u>
Cumulative fair value change at 31 December	<u>-</u>	<u>-110</u>

Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. Group policy has been to maintain some of its borrowings at fixed rate, using floating-to-fixed interest rate swaps to achieve this when necessary. Going forward, the Group's policy will be to enter into long-term borrowings with fixed interest rates instead of using interest rate swaps. The interest rate risk arising from the borrowings have been swapped from variable rate to a fixed rate of 2.56% and 5.36% for borrowings with a notional amount of DKK 742 thousands and DKK 2,283 thousands respectively. The Group's interest rate swaps was fulfilled in 2023.

The economic relationship is established as a match of criterial terms between the hedge item and hedge instrument. The Group has assessed the following terms when entered into the hedge relationship:

- Installments on the facilities
- Payment date of interest and installment
- Timing differency in the maturity of the hedge item and hedge instrument

The expected causes of hedging ineffectiveness relate to:

- The credit value/debit value adjustment on the interest rate swaps which is not matched by the loan
- Differences in critical terms between the interest rate swaps and loans.

Hedge ineffectiveness in relation to the interest rate swaps was negligible for 2023 and 2022.

Contents of the notes to the consolidated financial statements

Note 20 Fair values

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. The Group has no financial instruments measured at fair value based on level 1 input (quoted active market prices).

All financial instruments are measured based on level 2 input (input other than quoted prices that are observable either directly or indirectly), except biological assets which are measured based on level 3 input. See note 12 for a specification on biological assets.

Derivative financial instruments

The fair value of currency and interest rate derivatives is determined based on generally accepted valuation methods using available observable market data. Calculated fair values are verified against comparable external market quotes.

Biological assets

The Group has classified its biological assets within level 3 of the fair value hierarchy, being that the transaction prices used in the depreciated replacement cost approach is not observable in active markets.

Contingent consideration

The Group has classified its contingent consideration in relation to a previous business combination within level 3 of the fair value hierarchy, being that the liability is based on the present value of discounted cash flows - see note 17.

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

2023		Fair value hierarchy			
In thousands DKK	Total	Level 1	Level 2	Level 3	
Assets measured at fair value					
Derivative financial instruments					
Foreign exchange forward contracts	44	-	44	-	
	<u>44</u>	<u>-</u>	<u>44</u>	<u>-</u>	
Other assets measured at fair value					
Biological assets	7.451	-	-	7.451	
	<u>7.451</u>	<u>-</u>	<u>-</u>	<u>7.451</u>	
Liabilities measured at fair value					
Derivative financial instruments					
Foreign exchange forward contracts	147	-	147	-	
Interest rate swaps	-	-	-	-	
	<u>147</u>	<u>-</u>	<u>147</u>	<u>-</u>	
Other liabilities measured at fair value					
Contingent consideration	65.993	-	-	65.993	
	<u>65.993</u>	<u>-</u>	<u>-</u>	<u>65.993</u>	

Contents of the notes to the consolidated financial statements

Note 20 Fair values

2022	Fair value hierarchy			
In thousands DKK	Total	Level 1	Level 2	Level 3
Assets measured at fair value				
Derivative financial instruments				
Foreign exchange forward contracts	5	-	5	-
	<u>5</u>	<u>-</u>	<u>5</u>	<u>-</u>
Other assets measured at fair value				
Biological assets	14.222	-	-	14.222
	<u>14.222</u>	<u>-</u>	<u>-</u>	<u>14.222</u>
Liabilities measured at fair value				
Derivative financial instruments				
Foreign exchange forward contracts	1	-	1	-
Interest rate swaps	110	-	110	-
	<u>111</u>	<u>-</u>	<u>111</u>	<u>-</u>
Other liabilities measured at fair value				
Contingent consideration	76.380	-	-	76.380
	<u>76.380</u>	<u>-</u>	<u>-</u>	<u>76.380</u>

There were no transfers between any levels during 2023 (2022: no transfers).

Contents of the notes to the consolidated financial statements

Note 21 Cash flow specifications

In thousands DKK	2023	2022
Adjustments		
Financial income	-4.596	-1.107
Financial expenses	17.743	8.132
Depreciation, amortisation and impairment charges	50.750	74.941
Income tax	19.934	5.767
Foreign currency translation	630	-5.529
Other adjustments	-9.013	-21.569
	<u>75.448</u>	<u>60.635</u>

Changes in net working capital

Change in inventories	-21.740	-12.827
Change in trade receivables and prepayments	23.343	-33.996
Change in trade payables, other payables and contract liabilities	25.701	23.530
Change in cash flow hedges	-110	389
	<u>27.194</u>	<u>-22.905</u>

Non-cash investing and financing activities

Non-cash activity	-	-
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Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

In thousands DKK	Liabilities from financing activities		
	Borrowings	Leases	Total
Net debt:			
At 1 January 2022	-319.046	-5.631	-324.677
Cash flows	-39.250	2.397	-36.853
New leases	-	-1.667	-1.667
Foreign exchange adjustments	-	-	-
Other changes	-	-76	-76
At 31 December 2022	<u>-358.296</u>	<u>-4.977</u>	<u>-363.273</u>
Cash flows	93.831	3.077	96.909
New leases	-	-4.214	-4.214
Foreign exchange adjustments	-	-	-
Other changes	-	-81	-81
At 31 December 2023	<u>-264.464</u>	<u>-6.195</u>	<u>-270.659</u>

Contents of the notes to the consolidated financial statements

Note 22 Share capital

	2023		2022	
	Number of shares	Nominal value	Number of shares	Nominal value
Nominal value in tDKK				

The share capital comprise:

Ordinary shares (fully paid)	400.000	40.000	400.000	40.000
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No shares carry any special rights.

	2023	2022
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	DKK per share	
Total dividend paid out for the year	-	12,5
Total dividend proposed for the year	-	-

Contents of the notes to the consolidated financial statements

Note 23 Capital management

The Group's objectives when managing capital are to:

- safeguard the ability to continue as a going concern and to continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the net debt to EBITDA ratio (leverage). As part of the acquisition of Munax Oy in Finland in 2021, the Group has increased the net interest-bearing debt significantly, and with a long term settlement plan. The leverage has been highly negative affected by the net debt increase, with a goal of significant improvements towards 2024, to a level below 3,0. Furthermore the Group monitors the net debt to equity ratio (gearing).

In thousands DKK	2023	2022
Net interest-bearing debt	270	354
Equity	312	227
EBITDA	156	77

Ratios

Leverage (net debt / EBITDA)	1,7	4,6
Gearing (net debt / equity)	87%	156%

During 2023, the Group's strategy was unchanged from 2022.

Loan covenants

Under the terms of the major borrowing facilities, no covenants exists.

The Group's goal is to reach and/or maintain the following levels on key figures no later than 2025:

- the leverage (NIBD/EBITDA) must be <2,0
- the gearing (NIBD/equity) must be <75%
- the equity ratio (equity/total assets) to be above 40%

Dividends

No dividend has been paid during 2023. The board has recommended payment of dividend in 2024 of 50,0 mDKK, which has been approved on an extraordinary general meeting in February 2024, from retained earnings at 31 December 2023 of 276,9 mDKK.

Contents of the notes to the consolidated financial statements

Note 24 Contingent liabilities, commitments and contingencies

Assets pledged as security

The carrying amounts of assets pledged as security for borrowings are:

In thousands DKK	2023	2022
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Collateral for mortgage institutions

The following assets are secured for the mortgage institution:

Land and buildings with a carrying amount of:	24.427	26.393
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Collateral for bank loans

Unlisted shares in Munax Oy, tEUR	75	75
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Contingent liabilities

For information on the contingent consideration in connection with the acquisition of Munax Oy, see note 17.

Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

An agreement has been made with a supplier on a minimum stock of packaging, which the Group has agreed to purchase. The obligation can amount to a maximum of DKK 2,252 thousands.

For continued egg production, the Group has made an agreement with a supplier for the delivery of poultry. The obligation is expected to amount to approximately of DKK 4,040 thousands.

The Group has made an agreement for the purchase of tangible assets under property, plant and equipment for an amount of DKK 790 thousands

The Group's companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. The total amount of corporation tax due is shown in the annual report for Vitfoss A/S, CVR-nr. 82 77 62 14, which is the management company in relation to the joint taxation. The Group's companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax. Any subsequent corrections to corporation taxes and withholding taxes may result in the company's liability amounting to a higher amount.

Contents of the notes to the consolidated financial statements

Note 25 Business combinations

Summary of acquisition

On 31 July 2023, the Group acquired 100% of the voting shares in Torggummans Ägg AB, a Swedish egg packaging company based in Färgelanda and originally founded in 1948. As part of the agreement with the former owners, the activities were transferred to a newly founded company. The acquisition will only have a minor impact on the Group's revenue and share of the Swedish market.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

In thousands DKK	
Purchase consideration	
Cash paid	<u>8.338</u>
Net outflow of cash - investing activities	<u><u>8.338</u></u>

The assets and liabilities recognised as a result of the acquisition are as follows:

In thousands DKK	Fair value
Inventories	1.548
Intangible assets, trademarks	1.919
Plant and equipment	3.748
Other receivables and prepayments	134
Contract liabilities	-5.241
Other employment benefit obligations	<u>-125</u>
Net identifiable assets acquired	<u><u>1.983</u></u>
Goodwill arising from the acquisition	<u>6.355</u>
Net assets acquired	<u><u>8.338</u></u>

The goodwill is attributable to the knowhow of the workforce and synergies between the Group and the acquired. It will not be deductible for tax purposes.

Revenue and profit contribution

The acquired business contributed revenues of 19,3 mDKK and net profit of 0,7 mDKK to the Group for the period from 31 July to 31 December. If the acquisition had occurred on 1 January 2023, consolidated pro-forma revenue and profit for the year ended 31 December 2023 would have been 2.129 mDKK and 84 mDKK respectively.

Acquisition-related costs

Transaction costs of DKK 50 thousands were expensed and are included in administrative expenses.

Contents of the notes to the consolidated financial statements

Note 26 Related party transactions

The Group is controlled by the following entities:

Name of entity	Type	Place of business	Ownership interests	
			2023	2022
Dansk Landbrugs Grovvarereselskab A.M.B.A.	Ultimate parent company and controlling party	Fredericia	50%	50%
Danæg A.M.B.A	Significant non-controlling party	Christiansfeld	50%	50%
Vilofoss A/S	Immediate parent company	Fredericia	50%	50%

Dansk Landbrugs Grovvarereselskab A.M.B.A. holds 100% of the issued ordinary shares of Vilofoss A/S. The Group is included in the consolidated financial statements of Dansk Landbrugs Grovvarereselskab A.M.B.A.

Information about remuneration to key management personnel has been disclosed in note 5.

Interests in subsidiaries are set out in note 28.

Transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

In thousands DKK	2023	2022
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The following transactions occurred with related parties:

Dansk Landbrugs Grovvarereselskab A.M.B.A		
Purchase of employee services from parent	499	473
Danæg A.M.B.A		
Purchase of shell eggs	610.864	595.267

Terms and conditions of transactions with related parties

The purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Contents of the notes to the consolidated financial statements

Note 27 Fee to auditors appointed at the general meeting

In thousands DKK	2023	2022
PricewaterhouseCoopers		
Audit fee	683	538
Other assurance services	-	-
Tax advisory service	66	33
Other services	<u>388</u>	<u>81</u>
	<u>1.137</u>	<u>652</u>

Contents of the notes to the consolidated financial statements

Note 28 Subsidiaries

The Group's principal subsidiaries at year end are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business	Ownership interests held by the group	
		2023	2022
DANÆG A/S	Christianfeld, Denmark	100%	100%
DANÆG Products A/S	Roskilde, Denmark	100%	100%
Kronägg AB	Perstorp, Sweden	100%	100%
Källbergs Industri AB	Töreboda, Sweden	100%	100%
Munax Oy	Laitila, Finland	100%	100%
Torggummans Ägg AB	Färgelanda, Sweden	100%	100%

Contents of the notes to the consolidated financial statements

Note 29 Subsequent events

After the balance sheet date, it has been decided to distribute dividends of 50.0 million DKK on an extraordinary general meeting.
No other circumstances have occurred that have a material impact on the assessment of the annual report.

Contents of the notes to the consolidated financial statements

Note 30 First time adoption of IFRS

The financial statements for the year ended 31 December 2023 are the first that the Group has prepared in accordance with IFRS. For periods up to and including the year ended 31 December 2022, the Group prepared its financial statements in accordance with The Danish Financial Statements Act ('Danish GAAP')

The Group has prepared financial statements that comply with IFRS applicable as at 31 December 2023, together with the comparative period information for the year ended 31 December 2022.

In preparing these financial statements, the Group's opening statement of financial position was prepared as at 1 January 2022 (date of transition to IFRS).

The disclosures required by IFRS 1 First-time Adoption of IFRS explaining the principal adjustments made by the Group in restating Danish GAAP financial statements are provided below.

Except in respect of leases, as described below, there was no material impact on the cash flow statement in the adoption of IFRS.

Notes to the reconciliation from Danish GAAP to IFRS

Biological assets

The Group has adopted IAS 41 and has as a consequence recognised its poultry as biological assets, which are measured at fair value. Under Danish GAAP, the biological assets were classified as prepayments and depreciated over the lifetime of the poultry. As a result, the biological assets, which had a carrying amount of DKK 5.229 thousands at the transition date, have been reclassified from current to non-current.

Leases

In accordance with the provisions in IFRS 1, the Group has adopted IFRS 16 Leases from the date of transition. With the adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which under Danish GAAP were classified as operating leases. These liabilities were measured at the present value of the remaining lease liabilities as at the transition date using the incremental borrowing rates of 1 January 2022. The weighted average incremental borrowing rate applied was 1,25% at the date of transition. The associated right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

In the cash flow statement, lease payments were under presented in cash flow from operating activities Danish GAAP. Under IFRS, the principal element of lease payments are presented in cash flows from financing activities, whereas the interest element is presented as cash flows from operating activities.

Contingent consideration

In accordance with the provisions in IFRS 1, the Group remeasured the contingent consideration in relation to a business combination made before the transition date. The contingent consideration is remeasured at fair value and the resulting adjustment is recognised directly in retained earnings at the date of transition.

Contents of the notes to the consolidated financial statements

Note 30 First time adoption of IFRS

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has applied the following exemptions:

- Leases: Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2022. Right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2022. The lease payments associated with leases for which the lease term ends within 12 months of the date of transition to IFRS and leases for which the underlying asset is of low value have been recognised as an expense on either a straight-line basis over the lease term or another systematic basis.

- The Group assessed all contracts existing at 1 January 2022 to determine whether a contract contains a lease based upon the conditions in place as at 1 January 2022.

- IFRS 3 Business Combinations has not been applied to either acquisitions of subsidiaries that are considered businesses under IFRS, or acquisitions of interests in associates and joint ventures that occurred before 1 January 2022. Use of this exemption means that the Danish GAAP carrying amounts of assets and liabilities, that are required to be recognised under IFRS, are their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with IFRS. Assets and liabilities that do not qualify for recognition under IFRS are excluded from the opening IFRS statement of financial position. The Group did not recognise any assets or liabilities that were not recognised under Danish GAAP or exclude any previously recognised amounts as a result of IFRS recognition requirements.

- IFRS 1 also requires that the Danish GAAP carrying amount of goodwill must be used in the opening IFRS statement of financial position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with IFRS 1, the Group has tested goodwill for impairment at the date of transition to IFRS. There was no impairment recognised on goodwill at 1 January 2022.

Group reconciliation

In thousands DKK			For the year ended 31 December 2022 Profit for the year	As at 31 December 2022		
As at 1 January 2022				Assets	Liabilities	Equity
Assets	Liabilities	Equity		Assets	Liabilities	Equity

According to the
Danish Financial
Statements Act

838.468	615.678	222.790	14.260	880.234	655.803	224.431
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IFRS adjustments

Biological assets

-	-	-	302	302	-	302
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Leases

5.344	5.344	-	-260	4.291	4.552	-261
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Other payables

-	-2.820	2.820	-	-	-2.820	2.820
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5.344	2.524	2.820	42	4.593	1.732	2.861
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According to IFRS

843.812	618.202	225.610	14.302	884.827	657.535	227.292
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Annual Report 2023

DANÆG Holding A/S
Parent company

Management Report Danæg Holding A/S

Development during the year

The Group's income statement for 2023 shows a profit of 71.1 million DKK (2022: 14.3 million DKK) and the Group's balance sheet as of 31 December 2023 shows an equity of 297.4 million DKK (2022: 224.4 million DKK).

Uncertainty in recognition and measurement

There has been no uncertainty regarding recognition and milestones in the annual report.

Unusual circumstances

The company's assets, liabilities and financial position as of 31 December 2023 and the result of the company's activities and cash flows for 2023 are not affected by unusual conditions.

Post-balance sheet event

After the balance sheet date, it has been decided to distribute dividends of 50.0 million DKK on an extraordinary general meeting. No other circumstances have occurred that have a material impact on the assessment of the annual report.

Parent income statement
for the year ended 31 December 2023

In thousands DKK	Notes	2023	2022
Revenue		<u>46.069</u>	<u>38.112</u>
Gross profit		<u>46.069</u>	<u>38.112</u>
Administrative expenses	1	-48.099	-42.772
Other operating income	2	10.486	22.606
Other operating expenses	2	<u>-31</u>	<u>-15</u>
Operating profit		<u>8.425</u>	<u>17.931</u>
Income from investments in subsidiaries		67.729	-2.972
Financial income	3	7.094	2.100
Financial expenses	3	<u>-14.148</u>	<u>-4.288</u>
Profit before income tax		<u>69.100</u>	<u>12.771</u>
Income tax expense	4	<u>2.009</u>	<u>1.490</u>
Net profit for the year		<u><u>71.109</u></u>	<u><u>14.261</u></u>
Distribution of profit			
Net revaluation reserve according to the equity method		57.729	-2.972
Retained earnings		<u>13.380</u>	<u>17.233</u>
		<u><u>71.109</u></u>	<u><u>14.261</u></u>

Parent balance sheet

as at 31 December 2023

In thousands DKK	Notes	2023	2022
Assets			
Completed development projects		<u>5.534</u>	<u>6.991</u>
Intangible assets	5	<u>5.534</u>	<u>6.991</u>
Land and buildings		24.427	26.392
Plant and equipment		<u>4.841</u>	<u>5.711</u>
Property, plant and equipment	6	<u>29.268</u>	<u>32.103</u>
Investments in subsidiaries	7	567.301	497.617
Fixed assets investments		<u>305</u>	<u>305</u>
Financial assets		<u>567.606</u>	<u>497.922</u>
Total non-current assets		<u>602.408</u>	<u>537.016</u>
Receivables from group entities		7.356	4.648
Other receivables		19	39
Deferred tax		10.149	9.726
Income tax receivable		1.660	1.484
Prepayments		<u>2.981</u>	<u>2.161</u>
Total current assets		<u>22.165</u>	<u>18.058</u>
Total assets		<u><u>624.573</u></u>	<u><u>555.074</u></u>

Parent balance sheet

as at 31 December 2023

In thousands DKK	Notes	2023	2022
Equity			
Share capital		40.000	40.000
Net revaluation reserve according to the equity method		71.257	11.739
Reserve for cash flow hedges		-	1.048
Retained earnings		<u>186.158</u>	<u>171.644</u>
Total equity		<u>297.415</u>	<u>224.431</u>
Liabilities			
Non-current liabilities			
Mortgage loans		45.548	35.436
Bank loans		101.639	144.175
Other liabilities		<u>53.810</u>	<u>79.200</u>
Total non-current liabilities	8	<u>200.997</u>	<u>258.811</u>
Current liabilities			
Mortgage loans	8	1.663	2.203
Bank loans	8	97.682	40.508
Lease liabilities		-	425
Trade payables		4.413	2.418
Payables to group entities		-	22.297
Other liabilities	8	<u>22.403</u>	<u>3.981</u>
Total current liabilities		<u>126.161</u>	<u>71.832</u>
Total liabilities		<u>327.158</u>	<u>330.643</u>
Total liabilities and equity		<u><u>624.573</u></u>	<u><u>555.074</u></u>
Contingent liabilities, commitments and contingencies	10		
Related parties	11		
Material accounting policy information	12		

Parent statement of changes in equity
for the year ended 31 December 2023

In thousands DKK	Share capital	Net revaluation reserve according to the equity method	Reserve for cash flow hedges	Retained earnings	Proposed dividend	Total equity
As at 1 January 2023	40.000	11.739	1.048	171.644	-	224.431
Currency exchange foreign entities	-	1.789	-	-	-	1.789
Change in cash flow hedges	-	-	110	-	-	110
Tax of the years change in cash flow hedges	-	-	-24	-	-	-24
Transfer of reserves	-	-	-1.134	1.134	-	-
Profit for the period	-	57.729	-	13.380	-	71.109
As at 31 December 2023	40.000	71.257	-	186.158	-	297.415

Contents of the notes to the parent financial statements

Note 1 Staff costs

In thousands DKK	2023	2022
Wages and salaries	21.367	21.200
Pension cost, defined contribution plans	1.240	1.294
Other social security costs	359	352
Other staff costs	576	698
	<u>23.542</u>	<u>23.544</u>

Wages, salaries, pensions, other social security costs and staff costs are presented in income statement as administrative expenses.

	<u>23.542</u>	<u>23.544</u>
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Average number of employees

	<u>20</u>	<u>20</u>
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Remuneration paid or payables to the Executive Board and the Board of Directors is shown below:

In thousands DKK	Executive Board	Board of Directors	Total
2023			
Wages and salaries	<u>1.750</u>	<u>1.152</u>	<u>2.902</u>
	<u>1.750</u>	<u>1.152</u>	<u>2.902</u>

In thousands DKK	Executive Board	Board of Directors	Total
2022			
Wages and salaries	<u>3.200</u>	<u>1.352</u>	<u>4.552</u>
	<u>3.200</u>	<u>1.352</u>	<u>4.552</u>

Note 2 Other income and expense items

In thousands DKK	2023	2022
Other income and expenses		
Change in contingent consideration related to business combination	<u>10.486</u>	<u>22.606</u>
	<u>10.486</u>	<u>22.606</u>

Contents of the notes to the parent financial statements

Note 3 Financial income and expenses

In thousands DKK	2023	2022
Financial income		
Interest income from group entities	3.162	1.375
Interest income from bank and customers	3.932	24
Foreign exchange rate gains	<u>-</u>	<u>701</u>
Total financial income	<u>7.094</u>	<u>2.100</u>
Financial expenses		
Interest expenses from group entities	-52	-134
Other interest expenses	-12.943	-4.119
Foreign exchange rate losses	<u>-1.153</u>	<u>-35</u>
Total financial expenses	<u>-14.148</u>	<u>-4.288</u>
Net finance costs	<u>-7.054</u>	<u>-2.188</u>

Contents of the notes to the parent financial statements

Note 4 Income tax expense

In thousands DKK	2023	2022
Current tax		
Current tax on profits for the year	1.560	1.086
Adjustments for current tax of prior periods	2	-
Deferred income tax	<u>423</u>	<u>318</u>
Income tax expense	<u><u>1.985</u></u>	<u><u>1.404</u></u>
The tax is specified as follows:		
Tax on profits for the year	2.009	1.490
Tax on changes in equity	<u>-24</u>	<u>-86</u>
	<u><u>1.985</u></u>	<u><u>1.404</u></u>

Contents of the notes to the parent financial statements

Note 5 Intangible assets

In thousands DKK	Completed development projects
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Cost:

At 1 January 2023	17.936
Additions	2.146
Disposals	<u>-4.898</u>
At 31 December 2023	<u>15.184</u>

Accumulated depreciation and impairment:

At 1 January 2023	-10.945
Depreciation charge	-3.571
Depreciation and impairment on disposals for the year	<u>4.866</u>
At 31 December 2023	<u>-9.650</u>

Carrying amount 31 December 2023	<u><u>5.534</u></u>
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Note 6 Property, plant and equipment

In thousands DKK	Land and buildings	Plant and equipment
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Cost:

At 1 January 2023	109.660	8.702
Additions	-	1.209
Disposals	<u>-</u>	<u>-402</u>
At 31 December 2023	<u>109.660</u>	<u>9.509</u>

Accumulated depreciation and impairment:

At 1 January 2023	-83.268	-2.989
Depreciation charge	-1.965	-2.081
Depreciation and impairment on disposals for the year	<u>-</u>	<u>402</u>
At 31 December 2023	<u>-85.233</u>	<u>-4.668</u>

Carrying amount 31 December 2023	<u><u>24.427</u></u>	<u><u>4.841</u></u>
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Period of depreciation	<u>10-25 years</u>	<u>3-6 years</u>
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Contents of the notes to the parent financial statements

Note 7 Investments in subsidiaries

In thousands DKK	2023	2022
Cost:		
At 1 January 2023	485.214	485.214
Additions	<u>10.165</u>	<u>-</u>
At 31 December 2023	<u>495.379</u>	<u>485.214</u>
Revaluations:		
At 1 January 2023	12.403	40.190
Exchange rate adjustment	1.789	-7.923
Profit/Loss for the year	80.980	28.219
Received dividends for the year	-10.000	-16.892
Amortisation goodwill	-13.954	-30.491
Adjustment in internal profit on inventories	<u>704</u>	<u>-700</u>
At 31 December 2023	<u>71.922</u>	<u>12.403</u>
Carrying amount 31 December 2023	<u><u>567.301</u></u>	<u><u>497.617</u></u>
Positive difference amounts, which are identified on first recognition of subsidiaries at net asset value	<u>8.275</u>	<u>-</u>
Remaining positive difference amount, which is included in the above accounting value	<u>226.696</u>	<u>232.376</u>

Investments in subsidiaries are specified as follows:

Name of entity	Place of business	Capital Share	Ownership interests held by the group
DANÆG A/S	Christianfeld, Denmark	tDKK 3.100	100%
DANÆG Products A/S	Roskilde, Denmark	tDKK 1.000	100%
Kronägg AB	Perstorp, Sweden	tSEK 4.000	100%
Källbergs Industri AB	Töreboda, Sweden	tSEK 12.000	100%
Munax Oy	Laitila, Finland	tEUR 75	100%
Torggummans Ägg AB	Färgelanda, Sweden	tSEK 100	100%

Contents of the notes to the parent financial statements

Note 8 Long-term liabilities

Maturities of financial liabilities

Repayments due within 1 year are listed under short-term liabilities. Other liabilities are recognized under long-term liabilities.

In thousands DKK				
	Less than 1 year	1 - 5 years	More than 5 years	Carrying amount

At 31 December 2023

Mortgage loans	1.663	7.296	38.252	47.211
Bank loans	97.682	93.981	7.658	199.321
Other Liabilities	22.403	53.810	-	76.213
	<u>121.748</u>	<u>155.087</u>	<u>45.910</u>	<u>322.745</u>

In thousands DKK				
	Less than 1 year	1 - 5 years	More than 5 years	Carrying amount

At 31 December 2022

Mortgage loans	2.203	8.859	26.577	37.639
Bank loans	40.508	108.945	35.230	184.683
Other liabilities	3.981	25.433	53.767	83.181
	<u>46.692</u>	<u>143.237</u>	<u>115.574</u>	<u>305.503</u>

Contents of the notes to the parent financial statements

Note 9 Derived financial instruments

In thousands DKK	2023	2022
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Agreements have been entered into on derivative financial instruments in the form of interest rate swaps. The fair value of derivative financial instruments on the balance sheet date is:

Liabilities	-	110
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Agreements of interest rate swaps is used to secure the future interest payments on long-term borrowings with variable interests. The agreements have been fulfilled in the financial year.

Note 10 Contingent liabilities, commitments and contingencies

Assets pledged as security

The carrying amounts of assets pledged as security for borrowings are:

In thousands DKK	2023	2022
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Collateral for mortgage institutions

The following assets are secured for the mortgage institution:

Land and buildings with a carrying amount of:	24.427	26.393
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Collateral for bank loans

Unlisted shares in Munax Oy, tEUR	75	75
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Lease commitments

Lease commitments from operative leasing agreements. Total future

leasing payments:

Less than 1 year	931	882
1-5 years	559	528
	<u>1.490</u>	<u>1.410</u>

The Group's companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. The total amount of corporation tax due is shown in the annual report for Vitfoss A/S, CVR-nr. 82 77 62 14, which is the management company in relation to the joint taxation. The Group's companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax. Any subsequent corrections to corporation taxes and withholding taxes may result in the company's liability amounting to a higher amount.

Contents of the notes to the parent financial statements

Note 11 Related parties

DANÆG Holding A/S is owned equally by DANÆG amba and Dansk Landbrugs Grovvarereselskab amba. Dansk Landbrugs Grovvarereselskab A.M.B.A. holds 100% of the issued ordinary shares of Vilofoss A/S. DANÆG Holding A/S is included in the consolidated financial statements of Dansk Landbrugs Grovvarereselskab A.M.B.A. The consolidated annual report can be requested on the adress of Ballevej 2, 7000 Fredericia.

Name of entity	Type	Place of business	Ownership interests	
			2023	2022
Dansk Landbrugs Grovvarereselskab A.M.B.A.	Ultimate parent company and controlling party	Fredericia	50%	50%
Danæg A.M.B.A	Significant non-controlling party	Christiansfeld	50%	50%
Vilofoss A/S	Immediate parent company	Fredericia	50%	50%

Contents of the notes to the parent financial statements

Note 12 Material accounting policy information

The annual report for DANÆG Holding A/S of 2023 has been prepared in accordance with the reporting requirements of the Danish Financial Statements Act of class B enterprises with a few areas from class C.

The accounting policies have not been changed from last year.

The financial statements are presented in thousands Danish Kroner ('DKK') and all values are rounded to the nearest thousand, except when otherwise indicated.

Recognition and measurement

The income is recognised in the income statement as earned. Further to this, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Furthermore, all costs incurred to earn the profit or loss for year have been recognised in the income statement, including amortisation, depreciation, write-down and provisions as well as reversals as a consequence of changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow into 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.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each financial statement item.

Business combinations

Business combinations completed on or after 1 July 2018

Purchases of subsidiaries are treated according to the acquisition method, according to which the acquired company's identifiable assets and liabilities are measured at fair value at the time of acquisition.

The time of acquisition is the time when the group obtains control over the acquired company.

The cost price of the purchased business constitutes the fair value of the agreed consideration, including consideration contingent on future events. Transaction costs that can be directly attributed to the purchase of subsidiaries are recognised in the income statement as they are incurred.

Positive difference between the cost price of the acquired business and the identified assets and liabilities is recognised in the balance sheet under intangible assets as goodwill, which is written off straight-line in the income statement over the expected useful life. If the difference amount is negative, this is recognised immediately in the income statement.

If the purchase price allocation is not final, positive and negative difference amounts from purchased subsidiaries, as a result of changes in recognition and measurement of the identified net assets, can be adjusted up to 12 months from the time of acquisition. These adjustments are simultaneously reflected in the value of goodwill or negative goodwill, including in depreciations already made.

If the cost includes contingent consideration, these are measured at fair value at the time of acquisition. Contingent remuneration is subsequently remeasured at fair value. Value adjustments are recognised in the income statement.

Contents of the notes to the parent financial statements

Note 12 Material accounting policy information

In the case of incremental acquisitions, the value of the previous holding of capital shares in the acquired company is remeasured to the fair value at the time of acquisition. The difference between the book value of the previous equity share and the fair value is recognised in the income statement.

Business combinations completed before 1 July 2018

Company acquisitions completed before 1 July 2018 are, with certain exceptions, treated according to the same accounting practices as business combinations completed on 1 July 2018 or later. The main exceptions are:

- Identified assets and liabilities in the acquired business are only recognised if they are probable.
- Identified contingent liabilities in the acquired company are not recognised in the consolidated balance sheet.
- If the purchase price allocation is not final, positive and negative difference amounts, as a result of changes in recognition and measurement of acquired net assets, can be adjusted until the end of the financial year that follows the year of acquisition.
- Transaction costs that can be directly attributed to the purchase of subsidiaries are included as part of the purchase price.
- Adjustment of contingent consideration after initial recognition is recognized directly against the original purchase price, whereby a correction is made to the value of goodwill or negative goodwill.
- In the case of incremental acquisitions, the book value of the existing capital shares is included in the cost price.

Business mergers

In the case of group internal business pooling, the pooling of interest is used. In this way, the two companies are merged at book values, and no difference amounts are identified. Any consideration that exceeds the book value of the acquired company is recognised directly in equity. The merger method is carried out as if the two companies had always been merged when adjusting comparative figures.

Leasing

Leasing contracts, where the company has all significant risks and benefits associated with ownership (financial leasing), are recognised in the balance sheet at the lower of the fair value of the asset and the present value of the lease payments, calculated using the lease agreement's internal interest rate or an alternative loan interest rate as a discount factor.

The capitalised residual leasing obligation is recognised in the balance sheet as a liability, and the interest part of the leasing service is expensed on an ongoing basis in the income statement.

All other leasing contracts are considered operational leasing. Services in connection with operational leasing are recognised on a straight-line basis in the income statement over the leasing period.

Foreign currency translation

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

Transactions in foreign currency are converted at the exchange rate on the day of the transaction. Exchange rate differences that arise between the exchange rate on the day of the transaction and the exchange rate on the day of payment are recognised in the income statement as a financial item. If currency positions are considered to be a hedge of future cash flows, the value adjustments are recognised directly in equity.

Contents of the notes to the parent financial statements

Note 12 Material accounting policy information

Receivables, debts and other monetary items in foreign currency that are not settled on the balance sheet date are measured at the balance sheet date's exchange rate. The difference between the exchange rate on the balance sheet date and the exchange rate at the time the receivable or debt arose is recognised in the income statement under financial income and expenses.

Fixed assets purchased in foreign currency are measured at the exchange rate on the day of the transaction.

Derived financial instruments

Derivative financial instruments are first recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other liabilities".

Changes in the fair value of derivative financial instruments are recognised in the income statement, unless the derivative financial instrument is classified as and meets the criteria for hedge accounting.

Hedge accounting

Changes in the fair value of financial instruments that are classified as and meet the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with the changes in the fair value of the hedged asset or the hedged liability that can be attributed to the risk that is hedged.

Changes in the fair value of financial instruments that are classified as and meet the conditions for hedging expected future transactions are recognised in equity under the fair value reserve as far as the effective part of the hedge is concerned. The ineffective part is recognised in the income statement. If the secured transaction results in an asset or a liability, the amount deferred under equity is transferred from equity and recognised in the cost price of the asset or liability respectively. If the hedged transaction results in income or a cost, the amount deferred under 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 secured transaction.

Changes in the fair value of financial instruments that are classified as and meet the criteria for hedging net investments in independent foreign subsidiaries or associated companies are recognised directly in equity as far as the effective part of the hedge is concerned, while the ineffective part is recognised in the income statement.

Income statement

Revenue

When selling goods, net revenue is recognised when the benefits and risks relating to the sold goods have passed to the buyer, the net revenue can be measured reliably, and it is likely that the financial benefits of the sale will accrue to the company.

Services are recognised in step with the performance of the service to which the contract relates using the production method, whereby the net turnover corresponds to the sales value of the service performed for the year. The method is used when the total income and costs of the service and the degree of completion on the balance sheet date can be calculated reliably, and it is likely that the financial benefits, including payments, will accrue to the company. Costs incurred in relation to the expected total costs of the service are used as degree of completion.

The net turnover is measured at the remuneration received and is recognised exclusive of VAT and with the deduction of discounts in connection with the sale.

Contents of the notes to the parent financial statements

Note 12 Material accounting policy information

Administrative expenses

Administrative costs comprises costs for the management, the administrative staff, office costs, depreciation etc. Depreciation of goodwill is also included in the share relating to the administration activity.

Other operating income/ -expenses

Other operating income and other operating costs comprise accounting items of a secondary nature in relation to the Company's main activity, including profit and loss on the sale of intangible and tangible assets.

Income from investments

In the income statement, the proportionate share of profit for the year is recognised under the item "Income from investment in subsidiaries".

Financial income/ -expenses

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

Tax on profit og loss for the year income

Tax on the year's result consists of the year's current tax and deferred tax and is recognised in the income statement with the part that can be attributed to the year's result, and directly on the equity with the part that can be attributed to entries directly on the equity.

The company is jointly taxed with other Danish group companies. The tax effect of the joint taxation with the subsidiaries is distributed to both profit-making and loss-making Danish companies in relation to their taxable income (full distribution with refund regarding tax losses).

Balance sheet

Completed development projects

Directly attributable costs that are capitalised as part of a development project include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are amortised from the point at which the asset is ready for use.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulate amortisation and depreciation.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

The depreciation basis, which is calculated as cost price reduced by any residual value, is distributed linearly over the assets' expected useful life, which amounts to:

Production buildings	10-25 years
Other buildings	10-25 years
Plant and equipment	3-6 years

Depreciation period and residual value are reassessed annually.

Contents of the notes to the parent financial statements

Note 12 Material accounting policy information

Impairment of plant and equipment

The carrying amount of intangible assets and property plant and equipment is reviewed annually for indication of impairment for loss, apart from what is expressed by usual amortisation and depreciation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount.

Investment in subsidiaries

Investments in subsidiaries have been recognised according to the equity method.

In the balance sheet, under the item "Investment in subsidiaries", the proportional ownership share of the companies' accounting equity value is calculated based on the fair value of the identifiable net assets at the time of acquisition, with the deduction or addition of unrealised intra-group profits or losses and with the addition of the residual value of any capital gains and goodwill calculated at the time of the acquisition of the companies.

The total net revaluation of capital shares in subsidiaries is allocated via the profit allocation to "Net revaluation reserve according to the equity method" under equity. The reserve is reduced by dividend distributions to the parent company and regulated by other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. If the parent company has a legal or actual obligation to cover the company's underbalance, a provision for this obligation is recognised.

Fixed assets investments

Fixed assets investments, recognised under fixed assets, include listed bonds and shares, which are measured at the fair value on the balance sheet date. The fair value is calculated on the basis of the most recently quoted sales price.

Investments that are not traded on an active market are measured at cost price or a lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at amortised cost or a lower net realisable value, which is normally nominal value less impairment losses.

Prepayments

Prepayments comprise prepaid costs relating to rent, insurance premiums, subscriptions and interest.

Equity and liabilities

Dividends

Dividends that management proposes to distribute for the financial year are shown as a separate item under equity.

Deferred tax assets and liabilities

Deferred tax is measured according to the liability method of temporary differences between the accounting and tax value of assets and liabilities, calculated on the basis of the planned use of assets, respectively settlement of the liability.

Deferred tax assets, including the tax value of the tax losses to be carried forward, are measured at the value at which the asset is expected to be realised, either by offsetting tax on future earnings or by offsetting deferred tax liabilities within the same legal tax unit.

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Note 12 Material accounting policy information

Deferred tax is measured on the basis of the tax rules and tax rates that will apply with the balance sheet date's legislation when the deferred tax is expected to be used as current tax. Changes in deferred tax, as a result of changes in tax rates, are recognised in the income statement or in equity when the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on the year's taxable income adjusted for tax on previous years' taxable income and for taxes paid on account. Interest reimbursement and interest surcharge under the Danish Tax Prepayment Scheme are recognised in the income statement under financial items.

Financial liabilities

Loans, such as mortgage loans and loans from credit institutions, are recognised when the loan is taken out at the proceeds received, less transaction costs incurred. In subsequent periods, the loans are measured at amortised cost, so that the difference between the proceeds and the nominal value is recognised in the income statement as an interest expense over the loan period.

Priority debt is thus measured at amortised cost price, which for cash loans corresponds to the remaining debt of the loan. For bond loans, the amortised cost corresponds to a residual debt calculated as the loan's underlying cash value at the time of taking out the loan adjusted by a write-off over the repayment period of the loan's exchange rate adjustment at the time of taking out the loan.

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