

Skov A/S. Glyngøre

Hedelund 4, 7870 Roslev

CVR no. 87 45 71 17

Annual report for the financial year 01.10.23 - 30.09.24

This annual report has been adopted at the
annual general meeting on 12.12.24



Henning Jensen

Chairman of the meeting



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The company

Skov A/S. Glyngøre
Hedelund 4
7870 Roslev
Tel.: 72 17 55 55
Registered office: Skive
CVR no.: 87 45 71 17
Financial year: 01.10 - 30.09

Executive Board

CEO Leo Østergaard

Board of Directors

Bernd Meerpohl
Jørgen Yde Jensen
Jan Ove Thomas Nilsson
Kim Standly
Rikke Støvlbæk Svenningsen

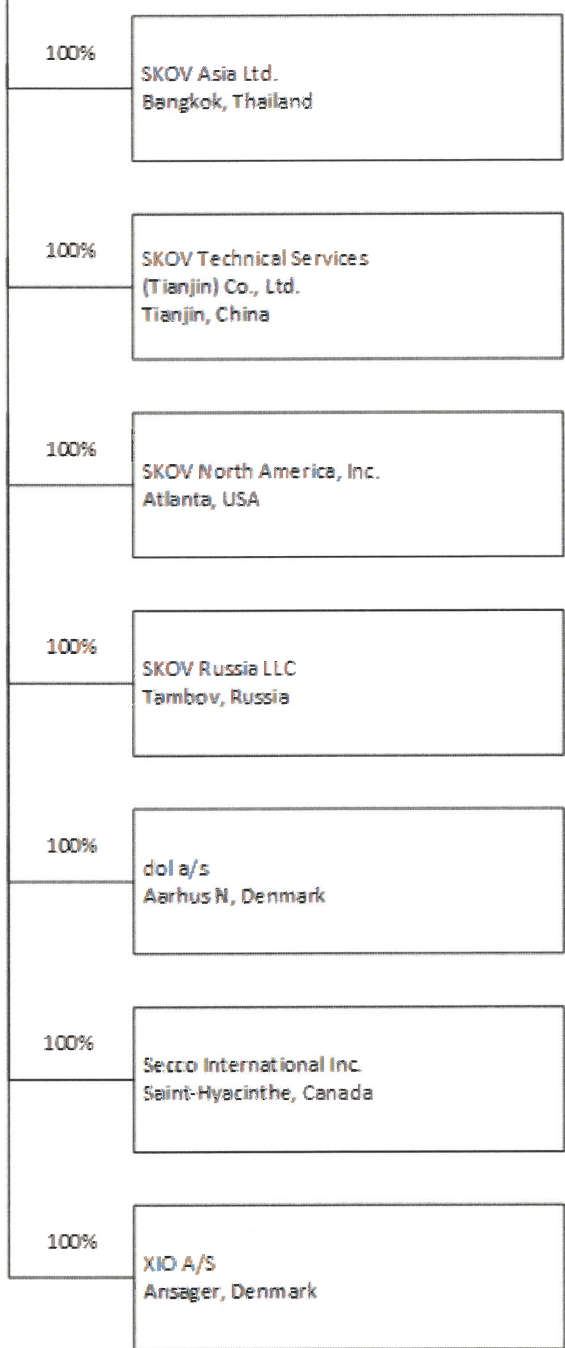
Auditors

Beierholm
Godkendt Revisionspartnerselskab

Parent Company



Consolidated subsidiaries



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

We have on this day presented the annual report for the financial year 01.10.23 - 30.09.24 for Skov A/S. Glyngøre.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 30.09.24 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.10.23 - 30.09.24.

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

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

Roslev, December 12, 2024

Executive Board

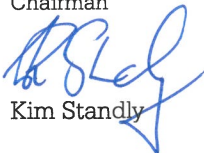


Leo Østergaard
CEO

Board of Directors



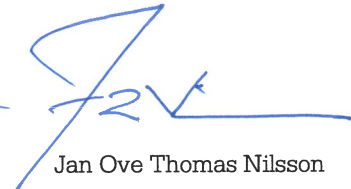
Bernd Meerpohl
Chairman



Kim Standly



Jørgen Yde Jensen



Jan Ove Thomas Nilsson



Rikke Støvlbæk Svenningsen

To the Shareholder of Skov A/S. Glyngøre

Opinion

We have audited the consolidated financial statements and financial statements of Skov A/S. Glyngøre for the financial year 01.10.23 - 30.09.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 30.09.24 and of the results of the group's and the company's operations and consolidated cash flows for the financial year 01.10.23 - 30.09.24 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Statement on the management's review

Management is responsible for the management's review.

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

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

Moreover, it is our responsibility to consider whether management's review provides the information required by law and regulations.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 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 consolidated financial statements and 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 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 consolidated financial statements and 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and financial statements, including the disclosures, and whether the consolidated financial statements and 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.

Skive, December 12, 2024

Beierholm

Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68



Martin Olesen Furbo

State Authorised Public Accountant
MNE-no. mne32204

GROUPS FINANCIAL HIGHLIGHTS**Key figures**

Figures in DKKm	2023/24	2022/23	2021/22	2020/21	2019/20
<i>Profit/loss</i>					
Revenue	1,074	1,013	1,043	981	892
Operating profit	200	155	151	173	121
Total net financials	9	5	-1	0	-1
Profit for the year	163	127	121	140	100
<i>Balance</i>					
Total assets	927	782	758	723	583
Investments in property, plant and equipment	20	17	17	6	12
Equity	694	605	575	543	398

Ratios

	2023/24	2022/23	2021/22	2020/21	2019/20
<i>Profitability</i>					
Return on equity	25.1%	21.6%	29.8%	29.8%	27.8%
Gross margin	43.7%	41.3%	37.9%	41.6%	39.2%
Profit margin	18.6%	15.4%	14.4%	17.6%	13.6%
Return on assets	21.5	19.9	19.9	23.8	20.8

Equity ratio

Solvency ratio	74.8%	77.3%	75.8%	75.1%	68.3%
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Others

Number of employees (average)	429	431	451	462	431
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Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Gross margin:	$\frac{\text{Gross result} \times 100}{\text{Revenue}}$
Profit margin:	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Solvency ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$

Primary activities

The activities of SKOV is to develop, produce, install and service climate solutions, farm management and digital services for animal production worldwide.

Development in activities and financial affairs

The result for the year 2023/24 shows a profit after tax of TDKK 163,206, against TDKK 127,077 for the fiscal year 2022/23. SKOV has an equity of TDKK 693,545 and a total balance of TDKK 927,207.

SKOV has in 2023/24 continued to develop the global sales organization through recruitment of additional sales managers, new dealers, and new installation/service partners. To increase the competence in the global sales organization, SKOV Academy has headed many training activities towards sales managers, dealers, and service partners.

In 2023/24, SKOV has continued developing solutions for industrial insect production, specifically focusing on the black soldier fly. To further enable SKOV to offer total solutions for the insect business, SKOV acquired the business unit XIO that was a part of Sealing System A/S. XIO is a specialist in automation and logistic solutions for insect production, and its activities will be performed in the legal entity XIO A/S which was incorporated in September 2024.

As in previous years, SKOV has incurred significant expenses on product and system development in 2023/24 to maintain its leading position in the market. The development of new mechanical products as well as digital services to customers are a significant part of the activities.

For 2023/24, the activity level and profit after tax were expected to be in line with those of 2022/23. However, in 2023/24, activities increased by 6% and profit before tax increased by 29%. As both activity and profit have exceeded expectations, management considers the total financial performance to be satisfactory - and the profit before tax to be very satisfactory.

Outlook

The overall global market outlook for SKOV's solutions in 2024/25 is expected to be positive. However, certain regions and countries may face challenges, primarily due to political instability, global changes in business dynamics, price challenges on meat and/or feed, and outbreak of animal diseases.

The business model of SKOV and the financial performance can handle such challenges.

The expected revenue is in the range of DKK 1,075-1,150 million. The expectation to profit before tax is in the range of DKK 170-190 million.

SKOV will also in 2024/25 continue to invest in the future growth of SKOV. Market presence will increase in different growing markets; new products will be introduced and SKOV will continue to

invest in the digitalization and robotization of production and administrative processes. Activities that strengthen future earnings, capacity and competitiveness.

The capital preparedness of SKOV is considered sufficient for covering the financing of the activities in the coming year.

Strategy

The food industry is consolidating, and many customers are becoming bigger and more regional/global. Because of this, the market is also requesting more professional climate and production solutions as well as new digital services. This is in line with the SKOV offerings. Despite a trend in increasing plant-based food alternatives, the consumption of animal-based proteins as broiler meat, pork, and egg is globally still expected to increase. Further, by supplying solutions to the new insect business industry, SKOV enters an interesting sustainable feed industry that is expected to grow in the coming years. Therefore, the global market for SKOV offerings is expected to expand.

SKOV's strategy is to be prepared for this growth and to increase its market share. To stay the preferred partner for our customers, SKOV will continue to invest in a strong R&D organization that develops new solutions, a strong market presence and an efficient organization that delivers quality to customers. The objective of SKOV is to have strong profitable organic growth.

Knowledge resources

The leading position of SKOV within climate and production control systems for agriculture places significant demands particularly on knowledge resources concerning agricultural production methods. Beyond this, specialized expertise is required to knowledge resources in product development, sales, and services. To deliver these solutions continuously, it is decisive that SKOV can recruit and maintain highly educated employees. Therefore, SKOV is committed to continue investing in the company as an attractive workplace.

Financial risks

SKOV is due to its operations, investments and financing, exposed to financial risk, but the risk is not considered material as per the financial structure of the company. SKOV's overall policy regarding financial risk is conservative.

Foreign currency risks

Activities in foreign countries have an impact on the results, cash flows and equity due to exchange and interest rate movements in several currencies. Most of the SKOV's transactions are in DKK or EUR.

Interest rate risks

SKOV does not have any considerable exposure concerning interest levels.

Credit risks

SKOV does not have any considerable exposure concerning an individual customer or business partner. The credit policy of SKOV is to address risks related to customers and business partners by applying value and credit insurance when possible. Attempts are made to cover credit risks related to large individual orders.

Research and development activities

Research activities are also made in cooperation with Research Centers at Universities. The development activities do primarily include development of products for the global market. Considerable resources have been spent on research and development, as the market continuously demands new product- and system innovations.

Subsequent events

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

Subsidiaries abroad

SKOV has subsidiaries in Thailand, China, U.S.A., Canada and Russia. The companies have a commercial and strategic partnership across borders.

Corporate social responsibility

SKOV Business Model

SKOV contributes to an efficient and sustainable global food production that delivers healthy food produced in respect to animal welfare. SKOV provides climate solutions, farm management and digital value chain services for animal production worldwide. The product range includes ventilation, climate and production control and farm management software for animal production.

SKOV has a complete value chain with primary activities within R&D, Sales & Service and Operation supported by functions like IT, HR and Finance. SKOV is committed to develop new products and solutions, and has for many years made material investments in R&D. Most of the development are conducted internally, but cooperation is also done with external consultancy agencies when needed. SKOV has R&D activities within Mechanical, Electronical and Software engineering. Production and assembly of SKOV products takes mainly place at the facilities in Glyngøre, Denmark. The same facility serves as the global distribution center, and products are distributed to almost 100 countries. The products of SKOV are sold globally via Direct Sales or through either Dealers or Partners. The sales are supported by SKOV's market organization including five sales and service subsidiaries and more than 90 dealers.

Ethical trading and anti-corruption rules

SKOV has implemented a Code of Conduct policy. Compliance with compulsory legal provisions and internal rules are at SKOV an essential basic principle of responsible business conduct. Violations of legal regulations or internal compliance rules must be identified as early as possible to initiate appropriate countermeasures and to avoid possible damage to customers, employees, business partners and SKOV.

The employees in the Procurement department do follow a Code of Conduct with special focus on cooperation with suppliers.

Bribery and corruption are a part of the business environment in some of the countries where SKOV does trade. SKOV has, according to the Code of Conduct, a zero tolerance towards bribery and corruption. Based on internal control mechanisms, the risk is considered minimal.

The principles and values behind Human Rights, Ethical trading and anti-corruption rules are important in the management and business activities of SKOV. Even though not possible to measure direct results, SKOV will continue to focus on these areas.

SKOV has an electronic whistleblower system set up that enables employees to inform anonymously, fast and in an easy way about violations of legal regulations or compliance rules. No violations have been registered during fiscal year 2023/24.

Human Rights

In SKOV we respect the international conventions regarding the protection of human rights and the corresponding national laws. Currently SKOV does not find it necessary to form a specific policy covering the company in this area. The whistleblower system can also be used to report human rights violations.

The Procurement department of SKOV does actively work with suppliers to ensure high ethical standards. Suppliers are obligated to act in an ethical responsible manner and comply with international conventions and principles. The suppliers must show social responsibility and as a minimum comply with The Ten Principles of the UN Global Compact, which focuses on Human Rights, Labor Rights, Environment and Anti-Corruption.

During fiscal year 2023/24 no reports have been filed where SKOV or its employees have acted in conflict with human rights principles.

Employees and working environment

The security, health, and well-being of the employees of SKOV has high priority. SKOV constantly works on keeping a good working environment, and several initiatives have taken place during the year. Each individual employee has a yearly development conversation with superior. Management receives general feedback from these conversations with the objective of identifying areas where

improvements can be made.

SKOV has a Cooperation Committee consisting of appointed management representatives and employee elected employees. The Committee meets yearly four times. At each meeting the management outlines the state of the company and various employee raised topics are discussed to constantly improve the overall cooperation in the company.

SKOV has a Working Environment Committee. The Committee has several meetings throughout the year. At each meeting, near misses and accidents are discussed with a focus on preventive actions.

SKOV maintains a relatively low rate of sick leave. Long-term illnesses are closely monitored, and, in collaboration with the employees, alternative solutions are explored whenever possible to support their return to work, ensuring mutual satisfaction.

Once a year all employees at SKOV participate in a common session where management presents the results and the achievements of the past year. In addition, the budget, objectives, strategy and execution plans for the coming year are presented. For employees working in Denmark, another part of the session is typically a team-building event. During the year, the management informs weekly on the achieved results and shares other relevant information to all employees via Teams and physical for the employees in headquarter.

Climate and environmental matters

Like many other companies, SKOV's operations impact the environment and climate through purchase of materials and services, on-site activities, and the subsequent use of the SKOV products on customers' premises.

The vision for SKOV is to be the largest and most acknowledged partner providing climate solutions, farm management and digital services for animal production worldwide. Solutions from SKOV contribute to the resource and energy efficient production of animal protein by producing more and better with less resources.

The vision of SKOV supports the United Nations Sustainable Development Goals, and SKOV is especially committed to contribute to Goal number 12 'Responsible Consumption and Production' and Goal number 2 'Zero Hunger'.

SKOV started in 2020/21 to document the company's carbon emissions under scope 1 and 2 in accordance with the Greenhouse Gass (GHG) protocol. Reports for the following years have also been prepared. The report is an important part of identifying potential new energy savings and reduction of carbon emissions.

SKOV finalized during 2023/24 calculation of its scope 3 emissions for 2021/22. Scope 3 calculations for 2022/23 will be finalized before December 2024, and the objective is to finalize scope 3 for 2023/24 before end of August 2025. Like many other companies, mainly SKOV's scope 3 activities are

impacting the environment and climate. The knowledge obtained is used to address solutions which reduce SKOV's carbon emissions.

The calculations of Scope 1, 2 and 3 will in the first place be used to establish a solid and documented baseline of SKOV's carbon emissions. Afterwards, the baseline will be used to set up KPI's to reduce SKOV's emissions.

SKOV has established agreements with professional waste management companies to prioritize recycling and efficient resource utilization from SKOV's premises in Denmark.

Gender composition of Board of Directors

Supreme management body

SKOV sees gender diversity on the Board of Directors important to ensure that both genders are represented and support the holistic development of the company.

	30.09.24	30.09.23	30.09.22	30.09.21	30.09.20
Number of members	5	*)	*)	*)	*)
Underrepresented sex (%)	20%	*)	*)	*)	*)
Target (%)	33%	*)	*)	*)	*)
Target figures expected to be met in year	2028	*)	*)	*)	*)

*) The table does not contain information for 2023 and earlier, in line with section 99 b(7) of the Danish Financial Statements Act.

Update on meeting targets

The board at SKOV has 5 members of which 3 are elected by the General Assembly and 2 elected by the employees. While currently all General Assembly elected members of the Board are men, the target is that at least one (33%) of the board members elected at the General Assembly should be a female.

SKOV's board consists of 1 female board member out of a total of 5 board members. This is an increase of 20% compared to last year.

Significant actions taken during the financial year to achieve the target

The target figure for 2028 has not been met, yet. SKOV continuously looks in its network for female candidates with the right experience and the right skills in relation to the rest of the board.

Accounting policies

The gender diversity target ratio is calculated as a proportion of female board members on the Board of Directors. It only includes board members elected by the general meeting. Employee representatives are not included.

Gender composition of other management levels

Other levels of management include the Executive Board, and next level leaders with responsibility for employees.

	30.09.24	30.09.23	30.09.22	30.09.21	30.09.20
Number of managers	5	*)	*)	*)	*)
Underrepresented sex (%)	0%	*)	*)	*)	*)
Target (%)	40%	*)	*)	*)	*)
Target figures expected to be met in year	2030	*)	*)	*)	*)

*) The table does not contain information for 2023 and earlier, in line with section 99 b(7) of the Danish Financial Statements Act.

Update on meeting targets

SKOV's other management level currently consist of 5 managers with none of them representing the underrepresented sex.

Description of material content of the policy

At other management level it is SKOV's ambition to increase the share of the underrepresented gender. SKOV promotes equal opportunities irrespective of background, and aims for a diversified organization through an unprejudiced selection process where no candidate is deselected due to gender, age, nationality etc. Candidates are solely to be selected based on experience, competences, and performance.

SKOV has set a target for the underrepresented sex at other management level of 40% and is working towards achieving the target before the end of 2030.

Significant actions taken during the financial year to achieve the target

SKOV has taken the following actions during the year to increase the proportion of female managers:

- External communication (job advertisements, SoMe activities, job fairs etc.) focuses on being attractive for both genders.
- Employment procedures which contribute to ensure equal opportunities for both genders.

Accounting policies

The gender diversity ratio at other management levels is calculated as the proportion of female managers with responsibility for employees out of the total number of managers with responsibility for employees at other management levels.

Data ethics

SKOV has a formal written GDPR policy addressing the handling of data. SKOV does also have a general data protection policy related to the digital services <https://www.skov.com/media/33eh53qx/general-data-protection-policy.pdf>. In addition, when determining SKOV's business strategies and carrying out its activities, management considers generally accepted principles and good business ethics, ensuring compliance with applicable legislation.

Income statement

Note	Group		Parent		
	2023/24 DKK '000	2022/23 DKK '000	2023/24 DKK '000	2022/23 DKK '000	
1	Revenue	1,073,841	1,012,674	1,029,618	961,794
	Change in inventories of finished goods and work in progress	58,507	-41,107	35,602	-9,709
	Other operating income	12,555	16,741	12,473	16,744
	Costs of raw materials and consumables	-572,842	-474,218	-520,713	-473,476
	Other external expenses	-102,408	-96,039	-117,131	-103,559
	Gross profit	469,653	418,051	439,849	391,794
2	Staff costs	-249,325	-242,862	-224,008	-219,166
	Profit before depreciation, amortisation, write-downs and impairment losses	220,328	175,189	215,841	172,628
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-20,253	-19,516	-14,700	-13,795
	Other operating expenses	-350	-231	-350	-26
	Operating profit	199,725	155,442	200,791	158,807
4	Income from equity investments in group enterprises	29	0	-1,791	-2,740
5	Financial income	14,307	7,658	14,518	8,168
	Financial expenses	-5,305	-2,178	-5,305	-2,532
	Profit before tax	208,756	160,922	208,213	161,703
	Tax on profit for the year	-45,550	-33,845	-45,007	-34,626
	Profit for the year	163,206	127,077	163,206	127,077
6	Proposed appropriation account				

ASSETS		Group		Parent	
		30.09.24 DKK '000	30.09.23 DKK '000	30.09.24 DKK '000	30.09.23 DKK '000
Note					
	Completed development projects	0	499	0	0
	Acquired rights	9,379	4,514	0	0
	Goodwill	56,861	63,399	0	0
7	Total intangible assets	66,240	68,412	0	0
	Leasehold improvements	2,650	2,646	2,650	2,646
	Plant and machinery	29,116	22,360	27,651	21,337
	Other fixtures and fittings, tools and equipment	13,537	16,398	12,563	15,509
8	Total property, plant and equipment	45,303	41,404	42,864	39,492
9	Equity investments in group enterprises	0	0	116,855	107,837
10	Receivables from group enterprises	0	0	12,314	13,102
9	Other investments	19,540	10,221	19,540	10,221
10	Other receivables	55,151	71,511	55,151	71,511
	Total investments	74,691	81,732	203,860	202,671
	Total non-current assets	186,234	191,548	246,724	242,163
	Raw materials and consumables	53,819	80,216	50,539	53,760
	Work in progress	6,611	1,760	4,804	1,760
	Manufactured goods and goods for resale	114,449	60,793	93,351	60,793
	Total inventories	174,879	142,769	148,694	116,313
	Trade receivables	137,050	127,607	135,841	125,273
	Receivables from group enterprises	17,116	4,128	17,116	4,975
	Deferred tax asset	0	0	1,706	1,169
	Other receivables	24,580	6,775	23,992	6,482
11	Prepayments	15,285	14,494	13,671	13,486
12	Total receivables	194,031	153,004	192,326	151,385
	Cash	372,063	294,515	331,399	262,512
	Total current assets	740,973	590,288	672,419	530,210
	Total assets	927,207	781,836	919,143	772,373

EQUITY AND LIABILITIES		Group		Parent	
		30.09.24 DKK '000	30.09.23 DKK '000	30.09.24 DKK '000	30.09.23 DKK '000
Note					
13	Share capital	50,000	50,000	50,000	50,000
	Reserve for net revaluation according to the equity method	0	0	0	5,309
	Foreign currency translation reserve	-4,193	0	0	0
	Retained earnings	557,738	484,532	553,545	479,223
	Proposed dividend for the financial year	90,000	70,000	90,000	70,000
	Total equity	693,545	604,532	693,545	604,532
14	Provisions for deferred tax	7,263	9,105	0	0
15	Other provisions	16,092	15,130	15,444	14,427
	Total provisions	23,355	24,235	15,444	14,427
	Prepayments received from customers	40,267	18,213	34,017	15,954
	Trade payables	71,033	53,557	80,478	54,529
	Payables to group enterprises	9,049	1,689	9,049	3,566
	Income taxes	39,917	26,008	41,025	28,173
	Other payables	47,649	51,173	43,193	48,763
16	Deferred income	2,392	2,429	2,392	2,429
	Total short-term payables	210,307	153,069	210,154	153,414
	Total payables	210,307	153,069	210,154	153,414
	Total equity and liabilities	927,207	781,836	919,143	772,373
17	Contingent liabilities				
18	Related parties				

Statement of changes in equity

Figures in DKK '000	Share capital	Reserve for net revaluation according to the equity method	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Group:								
Statement of changes in equity for 01.10.23 - 30.09.24								
Balance as at 01.10.23	50,000	0	0	484,532	70,000	604,532	0	604,532
Foreign currency translation adjustment of foreign enterprises	0	0	-4,193	0	0	-4,193	0	-4,193
Dividend paid	0	0	0	0	-70,000	-70,000	0	-70,000
Net profit/loss for the year	0	0	0	73,206	90,000	163,206	0	163,206
Balance as at 30.09.24	50,000	0	-4,193	557,738	90,000	693,545	0	693,545
Parent:								
Statement of changes in equity for 01.10.23 - 30.09.24								
Balance as at 01.10.23	50,000	5,309	0	479,223	70,000	604,532	0	604,532
Foreign currency translation adjustment of foreign enterprises	0	-4,193	0	0	0	-4,193	0	-4,193
Dividend paid	0	0	0	0	-70,000	-70,000	0	-70,000
Net profit/loss for the year	0	-1,116	0	74,322	90,000	163,206	0	163,206
Balance as at 30.09.24	50,000	0	0	553,545	90,000	693,545	0	693,545

	Group		Parent	
	2023/24 DKK '000	2022/23 DKK '000	2023/24 DKK '000	2022/23 DKK '000

1. Revenue

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

Revenue comprises the following activities:

	2023/24 DKK '000	2022/23 DKK '000	2023/24 DKK '000	2022/23 DKK '000
Revenue from sale of climate solutions, farm management and digital value chain services for animal production	1,073,841	1,012,674	1,029,618	961,794

Revenue comprises the following geographical markets:

	2023/24 DKK '000	2022/23 DKK '000	2023/24 DKK '000	2022/23 DKK '000
Revenue, EU	500,324	460,962	493,975	449,069
Revenue, non EU	573,517	551,712	535,643	512,725
Total	1,073,841	1,012,674	1,029,618	961,794

2. Staff costs

	2023/24 DKK '000	2022/23 DKK '000	2023/24 DKK '000	2022/23 DKK '000
Wages and salaries	220,525	217,727	198,730	196,811
Pensions	16,931	14,212	16,895	14,180
Other social security costs	4,297	4,158	2,525	2,928
Other staff costs	7,572	6,765	5,858	5,247
Total	249,325	242,862	224,008	219,166

	2023/24	2022/23	2023/24	2022/23
Average number of employees during the year	429	431	355	357

Remuneration for the management:

	2023/24 DKK '000	2022/23 DKK '000	2023/24 DKK '000	2022/23 DKK '000
Remuneration for the Executive Board and Board of Directors	4,015	3,330	4,015	3,330

	Group		Parent	
	2023/24	2022/23	2023/24	2022/23
	DKK '000	DKK '000	DKK '000	DKK '000

3. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	462	460	185	155
Other services	256	114	212	65
Total	718	574	397	220

4. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	29	0	680	-2,369
Elimination of internal gains and losses	0	0	-817	1,322
Amortisation of goodwill	0	0	-1,654	-1,693
Total	29	0	-1,791	-2,740

5. Financial income

Interest, group enterprises	0	0	473	463
Other financial income	14,307	7,658	14,045	7,705
Total	14,307	7,658	14,518	8,168

	Group		Parent	
	2023/24 DKK '000	2022/23 DKK '000	2023/24 DKK '000	2022/23 DKK '000
6. Proposed appropriation account				
Reserve for net revaluation according to the equity method	0	0	-1,116	-2,740
Proposed dividend for the financial year	90,000	70,000	90,000	70,000
Retained earnings	73,206	57,077	74,322	59,817
Total	163,206	127,077	163,206	127,077

7. Intangible assets

Figures in DKK '000	Completed development projects	Acquired rights	Goodwill
Group:			
Cost as at 01.10.23	2,499	7,127	79,248
Foreign currency translation adjustment of foreign enterprises	-150	-429	-4,766
Additions during the year	0	5,750	1,000
Cost as at 30.09.24	2,349	12,448	75,482
Amortisation and impairment losses as at 01.10.23	-2,000	-2,613	-15,849
Foreign currency translation adjustment of foreign enterprises	120	157	953
Amortisation during the year	-469	-613	-3,725
Amortisation and impairment losses as at 30.09.24	-2,349	-3,069	-18,621
Carrying amount as at 30.09.24	0	9,379	56,861

8. Property, plant and equipment

Figures in DKK '000	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Group:			
Cost as at 01.10.23	12,458	118,636	62,026
Foreign currency translation adjustment of foreign enterprises	0	-102	153
Additions during the year	392	17,557	1,715
Disposals during the year	0	-512	-464
Cost as at 30.09.24	12,850	135,579	63,430
Depreciation and impairment losses as at 01.10.23	-9,812	-96,276	-45,627
Foreign currency translation adjustment of foreign enterprises	0	48	-106
Depreciation during the year	-388	-10,267	-4,593
Reversal of depreciation of and impairment losses on disposed assets	0	32	433
Depreciation and impairment losses as at 30.09.24	-10,200	-106,463	-49,893
Carrying amount as at 30.09.24	2,650	29,116	13,537
Parent:			
Cost as at 01.10.23	12,458	116,382	59,200
Additions during the year	392	16,810	1,354
Disposals during the year	0	-484	0
Cost as at 30.09.24	12,850	132,708	60,554
Depreciation and impairment losses as at 01.10.23	-9,812	-95,045	-43,690
Depreciation during the year	-388	-10,012	-4,301
Depreciation and impairment losses as at 30.09.24	-10,200	-105,057	-47,991
Carrying amount as at 30.09.24	2,650	27,651	12,563

9. Investments

Figures in DKK '000	Equity invest- ments in group enterprises	Other invest- ments
Group:		
Cost as at 01.10.23	0	10,221
Additions during the year	0	9,319
Cost as at 30.09.24	0	19,540
Carrying amount as at 30.09.24	0	19,540
Parent:		
Cost as at 01.10.23	102,527	10,221
Additions during the year	15,000	9,319
Cost as at 30.09.24	117,527	19,540
Revaluations as at 01.10.23	5,309	0
Foreign currency translation adjustment of foreign enterprises	-4,190	0
Amortisation of goodwill	-1,654	0
Net profit/loss from equity investments	680	0
Changes in intra-group profit from inventories	-817	0
Revaluations as at 30.09.24	-672	0
Carrying amount as at 30.09.24	116,855	19,540

9. Investments - continued -

Figures in DKK '000	Equity invest- ments in group enterprises	Other invest- ments
The item comprises goodwill as at 30.09.24 of	24,166	0
Positive balances ascertainable on initial recognition of equity investments measured at equity value	31,715	0
Name and registered office:		Ownership interest
Subsidiaries:		
SKOV Asia Ltd., Bangkok		100%
SKOV Technical Services (Tianjin) Co. Ltd., Tianjin		100%
SKOV North America, Inc., Georgia		100%
SKOV Russia LLC, Tambov		100%
dol a/s, Aarhus		100%
XIO A/S, Ansager		100%
Secco International Inc., Saint-Hyacinthe, Quebec		100%

10. Other non-current financial assets

Figures in DKK '000	Receivables from group enterprises	Other receivables
Group:		
Cost as at 01.10.23	0	71,511
Disposals during the year	0	-16,360
Cost as at 30.09.24	0	55,151
Carrying amount as at 30.09.24	0	55,151
Parent:		
Cost as at 01.10.23	13,102	71,511
Foreign currency translation adjustment of foreign enterprises	-788	0
Disposals during the year	0	-16,360
Cost as at 30.09.24	12,314	55,151
Carrying amount as at 30.09.24	12,314	55,151

	Group		Parent	
	30.09.24 DKK '000	30.09.23 DKK '000	30.09.24 DKK '000	30.09.23 DKK '000

11. Prepayments

Prepayments	15,285	14,494	13,671	13,486
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Prepayments consist of prepaid expenses concerning rent, licenses and subscriptions etc.

12. Receivables

Receivables which fall due for payment more than 1 year after the end of the financial year	16,039	17,608	16,039	17,608
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13. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share capital	50,000	50,000
Total		50,000

	Group		Parent	
	30.09.24 DKK '000	30.09.23 DKK '000	30.09.24 DKK '000	30.09.23 DKK '000
14. Deferred tax				
Deferred tax as at 01.10.23	9,105	10,723	-1,169	-1,265
Deferred tax recognised in the income statement	-1,842	-1,618	-537	96
Deferred tax as at 30.09.24	7,263	9,105	-1,706	-1,169
Deferred tax is recognized in the balance sheet as:				
Deferred tax asset	0	0	-1,706	-1,169
Provisions for deferred tax	7,263	9,105	0	0
Total	7,263	9,105	-1,706	-1,169

15. Other provisions

Figures in DKK '000	Other provisions
Group:	
Provisions as at 01.10.23	15,130
Applied during the year	962
Provisions as at 30.09.24	16,092
Parent:	
Provisions as at 01.10.23	14,427
Applied during the year	1,017
Provisions as at 30.09.24	15,444

	Group		Parent	
	30.09.24	30.09.23	30.09.24	30.09.23
	DKK '000	DKK '000	DKK '000	DKK '000
Other provisions are expected to be distributed as follows:				
Non-current liabilities	16,092	15,130	15,444	14,427

16. Deferred income

Deferred income	2,392	2,429	2,392	2,429
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17. Contingent liabilities

Group:

Lease commitments

The group has concluded lease agreements with terms to maturity of 3-157 months and total lease payments of MDKK 209. This includes lease agreements concluded with group enterprises. Obligations relating to lease of buildings for SKOV A/S. Glyngøre, MDKK 193, is entered until October 30 2037. Obligations relating to lease of buildings for Secco International Inc., MDKK 11, is entered until December 31 2029.

The group has concluded lease agreements with group enterprises entered until October 30 2037 and total lease payments of MDKK 204.

Parent:

Lease commitments

The company has concluded lease agreements with terms to maturity of 3-157 months and total lease payments of MDKK 197. This includes lease agreements concluded with group enterprises.

The company has concluded lease agreements with group enterprises entered until October 30 2037 and total lease payments of MDKK 193.

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total known tax liability for the jointly taxed companies is MDKK 41 at the balance sheet date. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

18. Related parties

Controlling influence	Basis of influence
Big Dutchman AG, Germany	Ultimate parent company
Meerpohl family	Owners of parent company, Big Dutchman AG

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

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

	Group	
	2023/24 DKK '000	2022/23 DKK '000

19. Adjustments for the cash flow statement

Other operating income	-83	-257
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	20,253	19,516
Other operating expenses	350	231
Income from equity investments in group enterprises	-29	0
Financial income	-14,307	-7,658
Financial expenses	5,305	2,178
Tax on profit or loss for the year	45,550	33,845
Other adjustments	-241	-5,459
Total	56,798	42,396

20. Purchase of subsidiaries and operations

Goodwill in acquired company	0	9,771
Total acquisition cost	0	9,771

21. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

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

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

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

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

CURRENCY

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

21. Accounting policies - continued -

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

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

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

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

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

21. Accounting policies - continued -**GRANTS**

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed.

INCOME STATEMENT**Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Change in inventories of finished goods and work in progress

Change in inventories of finished goods and work in progress comprises adjustments in inventories of finished goods and work in progress for the year, including write-downs of inventories of finished goods and work in progress to the extent that these do not exceed normal write-downs.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

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

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

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

21. Accounting policies - continued -**Staff costs**

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

Depreciation, amortisation and impairment losses

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

	Useful lives, years	Residual value DKK '000
Completed development projects	5	
Acquired rights	20	0
Goodwill	20	0
Leasehold improvements	5-10	0
Plant and machinery	3-6	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

Goodwill is amortised over 20 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

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

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

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group enterprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

21. Accounting policies - continued -

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

Other net financials

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

Tax on profit/loss for the year

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

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

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

BALANCE SHEET**Intangible assets***Completed development projects*

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Acquired rights

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

21. Accounting policies - continued -*Goodwill*

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

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

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

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

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

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

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

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

21. Accounting policies - continued -

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

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at 20 years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

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

Impairment losses on fixed assets

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

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

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

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

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

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

Inventories

Inventories are measured at cost. Inventories are written down to the lower of cost and net realisable value.

21. Accounting policies - continued -

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

The cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. Interest on loans arranged to finance production is not included in the cost.

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

Receivables

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

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

Prepayments

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

Other investments

Equity investments that are not classified as group enterprises, associates or participating interests and which are not traded in an active market are measured in the balance sheet at cost.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in

21. Accounting policies - continued -

the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Provisions

Other provisions comprise expected expenses incidental to restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Current and deferred tax

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

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

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

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

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

21. Accounting policies - continued -**Payables**

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

CASH FLOW STATEMENT

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

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

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

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

Cash and cash equivalents at the beginning and end of the year comprise cash.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.