



Premium Pork International

Annual Report 2023

Growing in Romania

Premium Pork International

Dannevirkevej 6, 7000 Fredericia,
Reg. no. 37 87 50 58

Annual Report January 1st – December 31st, 2023

Presented and adopted at the Annual General Meeting on 2nd of May 2024.

Chairman of the Annual General Meeting:

Bo Hulse

Table of Content

Management’s Statement of the Annual Report	4
Independent Auditor’s Report	5
Consolidated Financial Highlights	7
Company Information	8
Management Review	10
Consolidated Financial Statements	17
Notes to the Consolidated Financial Statements	21
Parent Financial Statements	36
Notes to the Parent Financial Statements	39

Management's Statement of the Annual Report

The Board of Directors and the Executive Board have today considered and approved the annual report of Premium Pork International A/S for the financial year 1 January to 31 December 2023.

The annual report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and cash flows for the financial year 2023.

In our opinion, the management commentary contains a fair review of the development of the Group's and the Parent's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole of the entities included in the consolidated financial statements.

We recommend the annual report for adoption at the Annual General Meeting.

Fredericia, 5th of March 2024

Executive Board

Lars V. Drescher
CEO

Morten Beider
CFO

Board of Directors

Torben Svejgård
Chairman

Carsten Lind Pedersen
Board Member

Ole Sloth Nielsen
Board Member

Bo Hulse
Board Member

Jytte Rosenmaj
Board Member

Independent auditor's report on the annual report for the period 01.01.2023 - 31.12.2023

Opinion

We have audited the consolidated financial statements and the parent financial statements of DCH International A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023, and of the results of their operations and cash flows for the financial year 01.01.2023 - 31.12.2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 the parent financial statements section of this auditor's report.

We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' 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 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 commentary

Management is responsible for the management commentary.

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

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements, or our knowledge obtained in the audit or other-wise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed; we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the information required by relevant law and regulations. We did not identify any material misstatement of the management commentary.

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

Management is responsible for the preparation of

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

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity 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 the parent financial statements

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

Independent auditor's report on the annual report for the period 01.01.2023 - 31.12.2023

Auditor's responsibilities for the audit of the annual report (continued)

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 these parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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'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 the parent 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'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 the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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.

Aarhus, 5th of March 2024

Deloitte

**Statsautoriseret Revisionspartnerselskab
Central Business Registration
No. 33 96 35 56**

Søren Marquart Alsen
State-Authorised Public Accountant
MNE no.: mne40040

Consolidated Financial Highlights

	2023	2022	2021	2020	2019		2023	2022	2021	2020	2019
EUR '000											
Profit & Loss						Employees:					
Total income	67.020	52.216	47.929	66.673	91.591	Average number of employees	292	333	446	498	471
EBITDA	18.405	9.367	2.364	1.547	29.168	Production Scope:					
Adjusted EBITDA (excl. fair value adjust. bio assets and Special Items)	17.009	3.944	3.474	14.412	20.989	Harvested land	0	0	1.619	1.323	1.663
Operating profit/loss (EBIT)	10.722	1.407	-6.559	-6.991	21.382	Total yield (all crops)	0	0	9.321	3.573	8.377
Net financials	-3.198	-2.309	-3.614	-3.650	-3.943	Average number of sows	12.919	10.961	13.078	14.313	17.532
Profit/loss for the period	6.325	-829	-8.414	-8.912	14.724	Number of pigs produced	374.353	324.354	396.841	427.887	568.385
Balance sheet:						Produced pigs per avg. sow	29,0	29,6	30,3	29,9	32,4
Total assets	135.328	134.990	146.643	164.840	173.523	Ratios:					
Investment in property, plant and equipment	1.309	1.148	2.419	8.837	11.764	Gross margin	37,9%	31,8%	18,1%	20,6%	43,6%
Equity	86.146	77.293	75.690	83.886	87.483	Adjusted EBITDA margin	25,4%	7,6%	7,2%	21,6%	22,9%
Invested capital	119.123	117.386	115.458	128.187	138.577	EBIT margin	16,0%	2,7%	-13,7%	-10,5%	23,3%
Net interest-bearing debt	35.506	44.096	42.117	52.621	60.021	Return on invested capital	9,1%	1,2%	-5,4%	-5,3%	15,7%
Cash flow:						Return on equity	7,7%	-1,1%	-10,5%	-11,4%	18,4%
Cash flow from operating activities	13.609	-2.681	6.996	17.865	5.840	Solvency ratio	63,7%	57,3%	51,6%	50,9%	50,4%
Cash flow from investing activities	-4.452	-1.296	1.356	-10.623	-7.662	Current Ratio	138%	121%	117%	122%	166%
Cash flow from financing activities	-10.083	-8.209	-2.106	-5.309	2.073						

Definitions of financial ratios:

Adjusted EBITDA	EBITDA adjusted for price effect on fair value adjustment of biological assets and any special items
Gross margin	Gross profit / Total Income x 100
Adjusted EBITDA margin	Adjusted EBITDA / Total Income x 100
EBIT margin	EBIT / Total Income x 100
Return on invested capital	Net financials / Avg. net interest-bearing debt x 100
Return on equity	Net Profit / Avg. equity x 100
Solvency ratio	Equity / Total assets x 100
Current Ratio	Current assets / current liabilities x 100

Company Information

Premium Pork International A/S

Address: Synergihuset
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DK-7000 Fredericia

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Domicile: Fredericia

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Telefax: +45 64812601
Web: www.premiumporc.com
E-mail: mail@dchi.dk

Board of Directors

Torben Svejgård (chairman)
Carsten Lind Pedersen
Ole Sloth Nielsen
Bo Holse
Jytte Rosenmaj

Executive Board

Lars Vesten Drescher (CEO)
Morten Beider (CFO)

Auditor

Deloitte
Statsautoriseret Revisionspartnerselskab
City Tower, Værkmestergade 2
DK - 8000 Aarhus C

Bank

Nordea Danmark A/S
Kolding Åpark 2
DK - 6000 Kolding

Lawyer

Gorrissen Federspiel
Silkeborgvej 2
DK - 8000 Aarhus C

Subsidiaries

Premium Porc SRL
Consinterfin SRL
Degaro SRL
Premium Porc Feed SRL
Agro Investments Moldova SRL
Premium Porc Negreni SRL
Premium Vet Depot SRL
Olsuin SRL
Premium Porc Sibiu SRL
Premium Pork Commercial SRL

Ultimate Parent

DCH International A/S

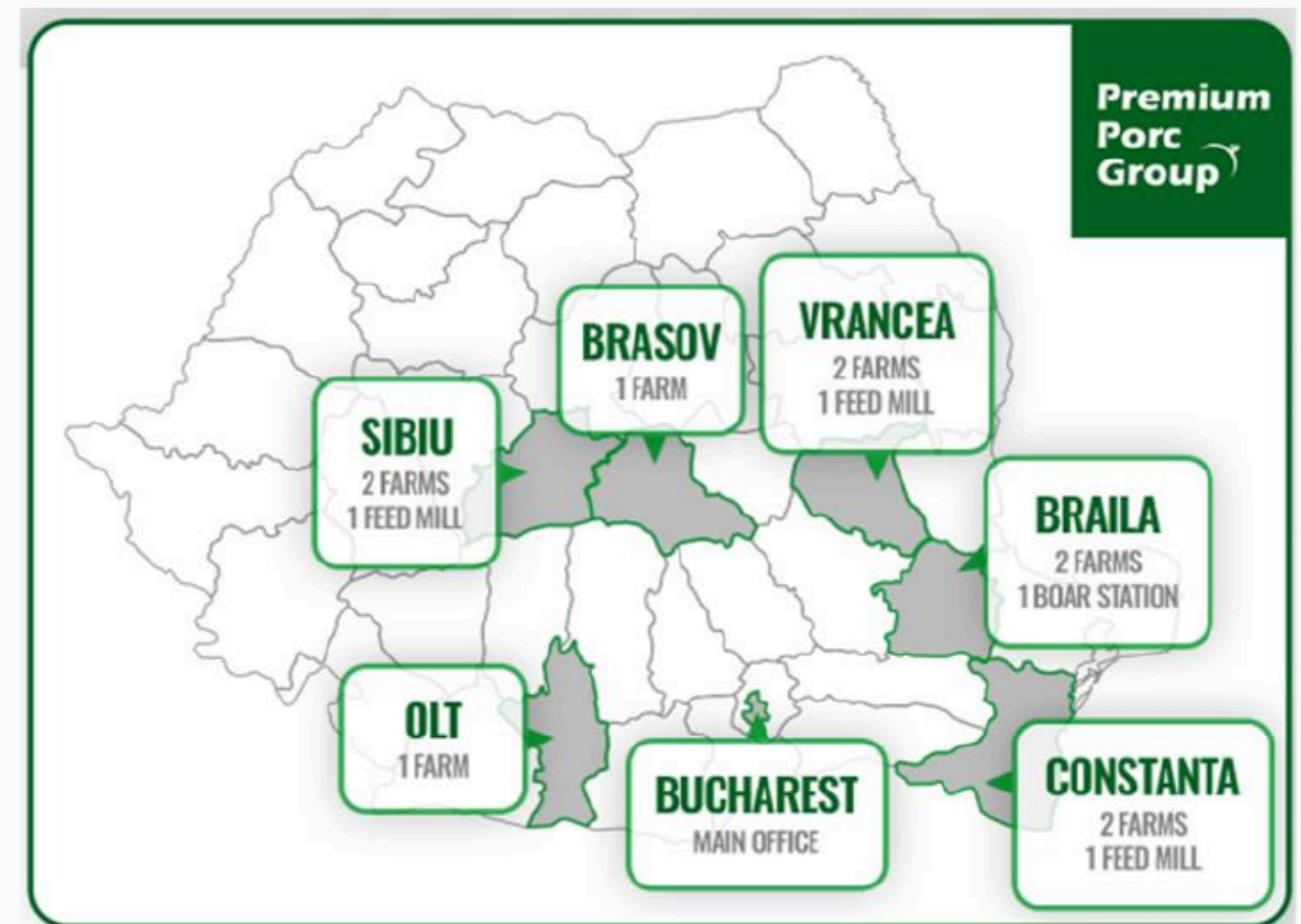
About us

Main activity

As in previous years the main activity has been to operate pig production, focusing on sales of finishers through subsidiaries in Romania. The group manages all activities related to pig production, having all required production divisions: reproduction and genetics, maternity and finisher barns. As secondary activities, the group has its own feed production divisions as well as manure management.

Our business model

- ✓ Integrated pig production: breeding, reproduction, maternity, finishers
- ✓ The best Danish genetics and technology
- ✓ Internal logistics for animals and feed
- ✓ Own Feed Mills
- ✓ Management of natural fertilizer



Development in the financial year and financial positions

Market conditions improved and limited challenges with African Swine Fever (ASF)

The year shows, without fair value adjustment, a profit before tax of approx. EUR 6.1m. And shows with the positive fair value adjustment of herds of EUR 1.4m, a profit before tax of EUR 7.5m compared to EUR 0.9m loss in 2022.

The consolidated total income, without fair value adjustment, was EUR 65.6m in 2023 (+43% compared to 2022). Including fair value adjustment, total income is up EUR 14.8m (28%) from 2022.

Besides the positive impact on the herd valuation, higher pig prices have also a direct positive financial impact of EUR 12.7m as the sales price increased 29% compared to last year (from 1.90 to 2.46 EUR per kg).

Part of the positive impact from pig prices is offset by inflation and one-time repopulation costs having a negative impact of €3.7m. The combined impact left a net-improvement in the overall profitability with EUR 9.0m.

On top of this, several farms are temporarily closed due to outbreaks of ASF in the past. As a result, the production capacity has only been utilized in average with approx. 65% in 2023. The production volume in weight increased by 7% compared to 2022 but the total production is still significantly below the pre-ASF level.

Non-operating farms had a negative impact of EUR 4.8m in the period compared to EUR 4.7m last year when different compensations temporarily reduced the losses.

The equity increased 11% to EUR 89.1m compared to YE 2022 (EUR 80.1m) and the solvency ratio is very solid, 64%. Also, the Group's liquidity reserves are, as per 31/12 2023, at a satisfactory level, EUR 12.2 million.

Overall assessment

The result is satisfactory. Although the overall results continue to be negatively influenced by the ASF outbreaks in 2021 and beginning of 2022, the development is positive as all farms were again restarted by YE 2023. The price ratio between pigs and feed has improved to a very satisfactory level.

	EUR '000	Consolidated total		Pig production (operating)		Other (incl. non-operating)	
		2023	2022	2023	2022	2023	2022
Total income		67.020	52.216	66.315	49.122	705	3.094
Total income without fair value adjust. biological assets		65.624	46.015	64.920	42.921	705	3.094
EBITDA		18.405	9.367	18.512	10.137	-107	-770
EBITDA excl. fair value adjust. biological assets and excl. Special Items		17.009	3.944	17.116	4.714	-107	-770
EBIT		10.722	1.407	14.061	5.054	-3.338	-3.647
Profit before tax		7.524	-902	12.343	3.700	-4.819	-4.602

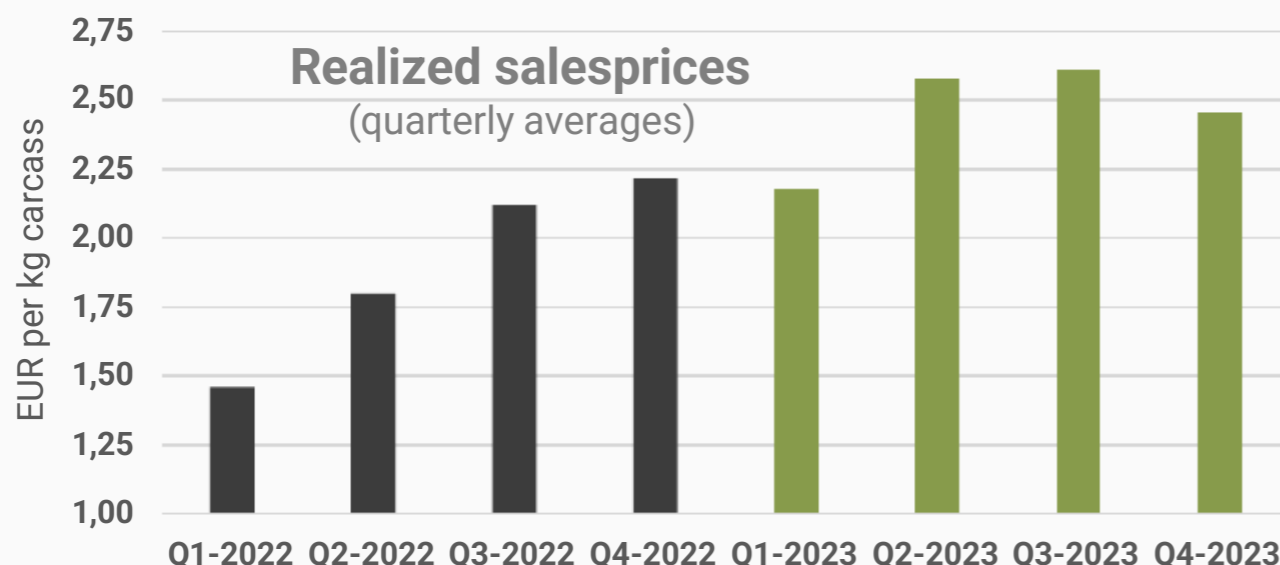
Four highlights:

- **Very high pig prices continued** – average pork prices up 43%. We expect strong prices also in 2024.
- **Positive fair value adjustment of EUR 1.4m.** The increased sales prices had a positive influence on the herd value end of the period of approx. EUR 1.4m.
- **Net losses of approx. EUR 4.8m due to ASF previous years** as several farms were restarted after the ASF outbreaks.
- **A new ASF outbreak in January 2024** doesn't financially impact 2023 but will temporarily disrupt the positive trend towards full capacity.

Record high pork prices and feed prices losing momentum

Pork prices 43% up compared to last year

The average prices for slaughter pigs continued the positive trend from 2nd half of 2022. The prices exceeded the historical high from last year reaching an all-time high end of June and maintained very satisfactory prices in 2nd half of 2023. Our sales price was 17% up end of the year compared to beginning of the year.



The weaner market showed an even more positive development. We realized sales price 56% higher than period last year! The financial impact of this, is significant considering 38% of our produced pigs were sold as weaners.

The positive trend is supply driven as the dramatic reduction of the European pig production continues. The production in EU is reduced approx. 7% in 2023 compared to the already reduced level in 2022. Although the demand for pork is slightly reduced, the reduction in supplies are significantly bigger, shifting the overall market balance.

The impact of this reduction is not fully realized yet and even though a new market balance most likely is being restored at a lower price level, we do see a low supply supporting high prices for at least 2024.

Feed prices at the same high level as in 2022 – but the trend is down

Average feed prices were at the same level as the average from 2022 but with an opposite trend. Feed prices was 12% higher in H1 2023 compared to the same period last year. This increase was expected as it matches the record high cereal prices in second half of 2022. But we realized significantly lower cereal prices from Q2 2023 for “old” harvest as well as for 2023 harvest. The average feed price in H2 2023 was 11% lower compared to the same period last year off setting the higher prices in H1.

Until harvest 2020, feed prices were relatively stable for several years. This trend is certainly changed. Although decreased compared to 2022, the average price of raw materials consumed in December 2023 is 31% higher as compared to the same month in 2019.

We don’t expect a return to 2019 prices, but we do believe that the cereal prices peaked in 2022. We expect the price of raw materials to gradually decline during 2024 although still at a high level compared to “old” price levels.

The price level is now back to profitable levels

The price ratio between pork and feed of 7.0 for 2023 is significantly higher than realized last year and especially compared to the record low in 2021. The improved price levels represents an increased profit before tax of EUR 12.4m in 2023 compared to the same production with 2022 prices. And compared to 2019 prices, where the price ratio was at the same level, we would have generated approx. EUR 9m less in profit before tax.

The fluctuations in commodity prices underline the industry's high exposure to the global price ratio of meat and cereals.

Herd valuation increased by EUR 1.4m due to improved pig prices

The market prices of biological assets (the pig herd), have followed the fluctuations in the pork prices. Consequently, the value of biological assets are increased by EUR 1.4m compared to the equivalent, if prices of 31.12.2022 were to be used. The adjustment is in line with international accounting principles, which are considered to provide a more accurate description of the company’s activities and financial position.

Pork and feed prices in Romania

		2016	2017	2018	2019	2020	2021	2022	2023
Pork Prices (carcass)	EUR/kg	1,38	1,66	1,42	1,63	1,52	1,32	1,90	2,46
Feed Prices	EUR/kg	0,20	0,21	0,22	0,23	0,24	0,26	0,35	0,35
Exchange ratio pork:feed		6,8	7,9	6,5	7,1	6,4	5,1	5,5	7,0

Note: The table show realized prices from the subsidiaries in Romania as an annual average after ASF related discounts.



Our pig production is again increasing

Pig production is increasing again as farms gradually are restarted – although still reduced to 65-70% of full capacity

The overall production capacity, measured in number of sows, registered a 42% increase compared to YE 2022 as a result of finalizing the repopulation of Premium Porc farm and initiating the first steps of restarting Olsuin farm. Both farms were culled in 2021 due to ASF-outbreaks. The additional sows is the main driver behind the 15% increase in number of pigs produced compared to last year.

The repopulation of Olsuin sow farm will have a positive impact on approx. 90,000 pigs in 2024 which unfortunately barely off sets the negative impact of the outbreak in Premium Porc farm in 2024 (see next page). Still, the total production is expected, also in 2024, to add another 5-10% towards full capacity.

We have during 2023 also restarted the temporarily closed finisher farms and all farms, except for one, was operating by end of 2023 although not all at full capacity yet. The last farm is rented out until end of 2024.

The number of pigs produced is still 33% down compared to pre-ASF numbers in 2019. But the production is on a clear upward trend with 2022 representing a production low with 43% down compared to pre-ASF numbers in 2019.

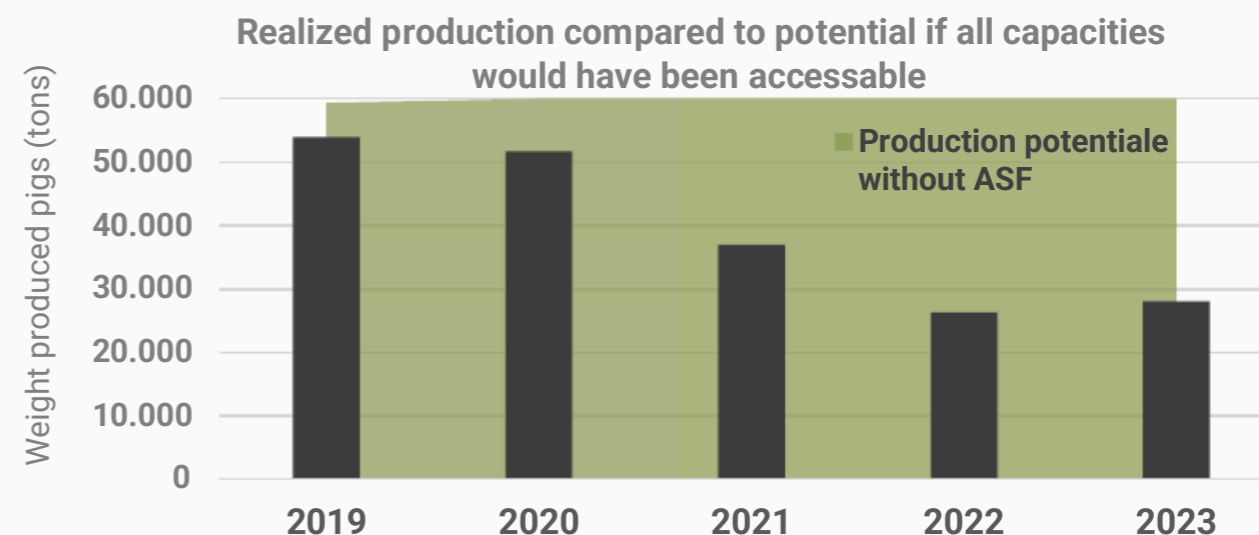
The production in kg also show a turning point and is 7% up compared to 2022.

Facts about the pig production		2019	2020	2021	2022	2023	Diff. Y23 over Y22
Number of sows end of year	heads	17.744	17.956	9.449	11.308	16.044	42%
Weaned piglets per avg. sow	heads	34,6	34,3	32,5	33,8	32,7	-3%
Produced pigs per avg. sow *)	heads	32,4	30,6	30,3	31,7	29,0	-9%
Sold slaughterpigs	heads	441.030	423.981	291.477	199.332	193.180	-3%
Sold weaners (net)	heads	102.871	-3.457	60.054	95.574	142.400	49%
Produced pigs total	heads	568.385	427.887	396.841	324.354	374.353	15%
Weight produced pigs **)	tons	53.936	51.689	36.954	26.289	28.002	7%

Notes: *) Produced pigs per sow for 2020 & 2023 are excluding restart of Olsuin and for 2022 excluding restart of Premium Porc. **) Weight of pigs culled due to ASF included in 2020, 2021 and 2022.

Although the trend is similar, it is less strong compared to pigs produced, due to the nature of the production cycle and the time required to restart finisher farms shifting the sales mix back towards finishing more pigs instead of selling them as weaners.

Restart of farms have affected the overall productivity negatively, but different challenges in production has furthermore negatively affected the production efficiency. The overall efficiency is not satisfactory in 2023 and not reflecting the full potential.



Romania supports pig welfare

We have applied for and received grants to improve animal welfare in pig production, based on the Romanian support scheme. The grant we applied for in the year has been recognized in total income of EUR 3.9m. This represents 95% of the total amount applied for. Payment is expected during 1st half of 2024.

In 2023 we have received payments of EUR 3.2m for animal welfare support, for which we applied for in 2022. This represents EUR 0.1m more than allocated by the end of 2022. In total, grants for improved animal welfare of EUR 4.0m are registered in 2023.

The subsidy amount is not a net gain, as we could reduce the costs related to meeting the requirements for the subsidy in case it ceases to exist.



Production less affected by African Swine Fever (ASF) in Romania

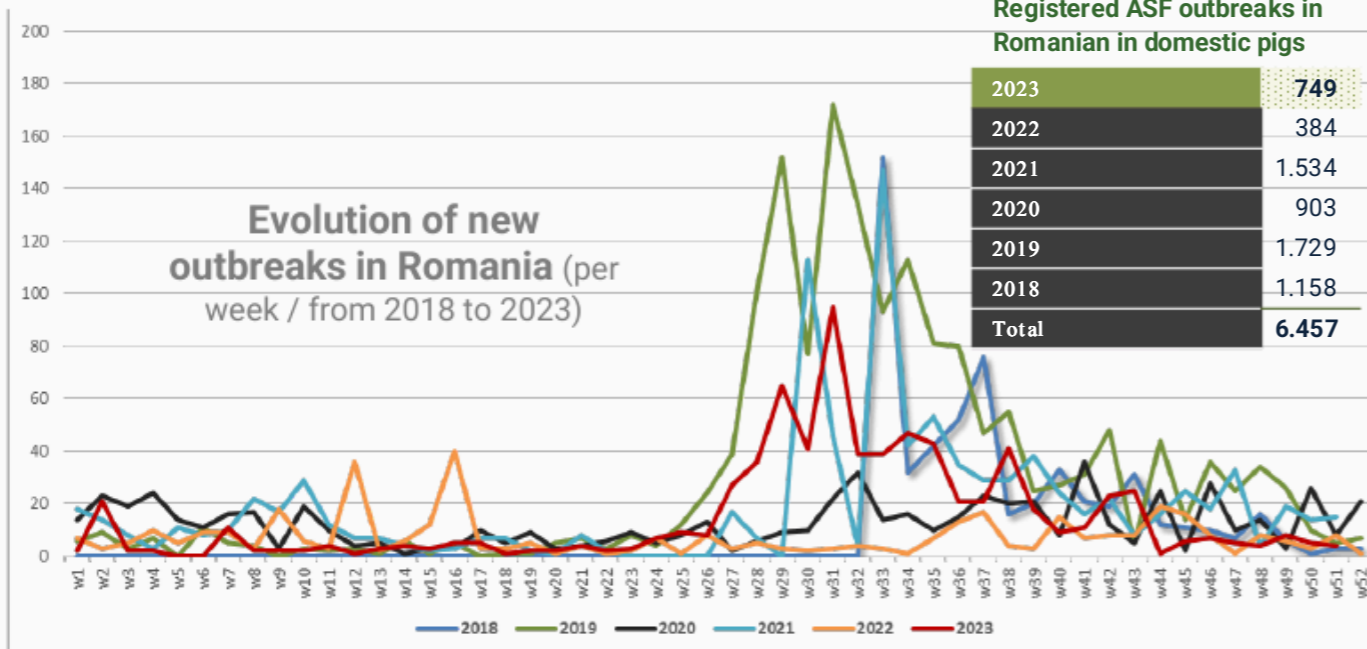
ASF – evolution and indirect losses

Since the beginning of June 2018, more than 6.400 outbreaks of African Swine Fever (ASF) are registered at national level. The entire Romania has been considered affected since 2019 and continues to register a significant number of outbreaks.

The biosecurity in all our farms remains at a very high level, well exceeding industry standards according to international experts. Nevertheless, we experience huge indirect impact on our operations, due to the measures taken by the authorities in order to control the virus.

Registered ASF outbreaks in Romanian in domestic pigs

2023	749
2022	384
2021	1.534
2020	903
2019	1.729
2018	1.158
Total	6.457



Surveillance/protection zones caused by ASF outbreaks in areas close to our farms have usually impacted our production flows negatively, due to restrictions on moving animals in and out of the blocked farms. The zonings usually lasting 4-6 weeks but in severe cases up to 14 weeks. But we avoided this in 2023 as no surveillance/protection zones caused by ASF outbreaks in areas close to our farms were registered.

We work, in close collaboration with the authorities, towards lifting the zonings as soon as procedures and disease control allow. We are often able to continue the production unaffected in the blocked farms, if the zonings are lifted in 4-6 weeks, due to the measures we have taken to adjust our production flow.

The indirect losses caused by the restrictions due to ASF outbreaks is not compensated

by the authorities. These indirect losses can be split in the following components:

1. Lower sale prices due to special handling of pigs from ASF areas and, in many cases, thermal treatment of the pigs from restriction zones;
2. Lost production in finishers farms not being supplied with weaners due to surveillance/protection zones;
3. Special items: Extra costs to compensate for disrupted production flows.

We haven't registered indirect losses in 2023, as the year has been without zonings. The accumulated indirect losses caused by ASF in Romania was approx. €0.4m in 2022.

Direct losses of EUR 4.8m caused by ASF outbreaks in our farms

Following the outbreaks in our farms in previous years, the production was significantly downsized until the farms could be restarted again. Obviously, our goal is to avoid additional outbreaks. We believe our biosecurity set-up is a powerful tool to prevent potential outbreaks although not powerful enough to prevent outbreaks completely.

All farms with outbreaks in 2021 and 2022 was by YE 2022 ready for production after finalization of the disinfection and reauthorization process. All of those farms is either back in operation or in process of being restarted as described on the previous page.

Although avoiding outbreaks since February 2022, the negative financial impact is still significant due to direct costs related to farms temporarily closed and business interruption costs for farms in process of being reopened. The loss for the Group caused by the ASF outbreaks in 2021 and 2022 amount for 2023 to approx. EUR 4.8m (EUR 4.3m in 2022) due to the non covered costs originating from the farms on standby. The loss including business interruption is estimated to more than doubling the loss.

Losses due to farms affected by ASF in the past will continue throughout 2024.

A new ASF outbreak after closing

A new outbreak in Premium Porc farm occurred end of January 2024. This farm had 3,000 sows with a capacity for finishing half of the piglets while the other half is transferred to other farms in the Group. All 21,000 pigs were culled.

The value of the herd as well as the immediate costs will be compensated by the Romanian State whereas the subsequent business interruption loss will have a negative financial impact of approx. EUR 6m throughout 2024 and into 2025 when the farm again is expected to be in full operation.



Litigations for relocation of Negreni farm

A group of citizens in Negreni village brought charges in 2016 claiming our farm should be relocated. Their claim is based on a Government Order from 2014 stipulating that distances from farm operations to the neighboring houses should be minimum 1,500m.

Our advisors, as well as the authorities that have assessed and validated our production and building permits, agree that this Order was meant to cover future constructions only and not farms and houses established decades before the Order was issued. Despite this, we lost in two consecutive local court hearings in 2018 and we are demanded to relocate the farm. The Ministry issuing the Order has in 2020 confirmed our understanding.

The case is contradicting in many ways with the legal framework covering our production permits. The enforceability of the verdict is anyhow seen as practically impossible as all production permits are valid, and the production can continue despite the verdict.

Seventeen new, similar claims were received during the last two years. The new claims are either from the same citizens as the original claims or from citizens connected to the original claimants. All cases has been for trial with a satisfactory result for us as the cases are dismissed. The base for new claims no longer exists as the Government was changed in 2023 eliminating the minimum distance.

We are also investigating other options for dealing with this case.

We have no intentions for relocating the farm and continue disputing the ruling and fight the new claims received. The management and our legal advisors have initiated several actions for annulment and estimate that we have a strong case for preventing the ruling being carried out. Based on this, we have chosen not to make any provisions as we don't expect to encounter any losses due to this case.

The case is described in detail in Note 2.



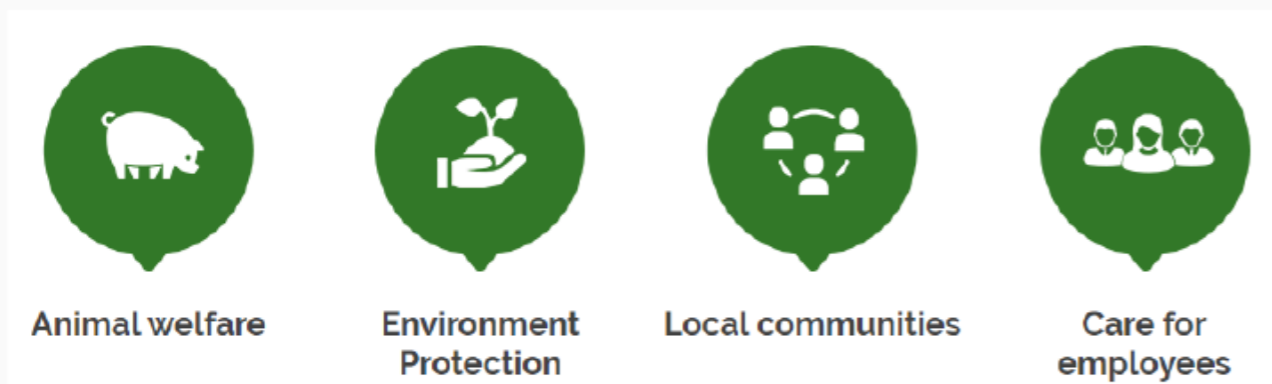


Sustainability and Corporate Social Responsibility

We care - Responsibility and sustainability as our guiding principles

This statement has been prepared in accordance with the Financial Statement Act §99a, §99b and §99d.

Our CSR strategy reflects the emphasis we, Premium Pork International A/S, put on our operations being responsible and sustainable, and is built upon the pillars of animal welfare, environment, human and labor rights, local communities, corporate governance and anti-corruption. Our CSR report is public and can be read in full at our company's website: www.premiumporc.com



We put much effort in reducing the environmental impact of manure from our production. This by applying the manure as natural fertilizer in various ways and, at the same time, exploring new means to use it. To prevent release of greenhouse gasses, and reduce odors in general, the manure is stored in sealed lagoons.

Seeking to develop and support the local communities in which we operate, we have formed sponsorships with local schools and hospitals in Romania. Here, we focus our initiatives on the pillars of education, health, environment and local values.

We aim for the highest standard of animal welfare within our industry by complying to established procedures for pig production as well as biosecurity. These procedures are based on Danish practice, EU standards and further supplemented by the additional measures required by the Romanian national program for animal welfare.

Our guiding principles of sustainability and responsibility is reflected in our continuous drive to minimize the impact of our business, and by providing improvements today and for generations to come.

Policy for the under-represented gender

Board of Directors:

The current gender balance in the board is: 1 woman and 4 men. The target regarding diversity at Board of Directors level was that at least one of the board members should be of the under-represented gender. We have a target number of min. 25% women on the board by the end of 2026.

The company's board members are elected by the shareholders at the Annual General Meeting. Taking the specifics of the industry into account, it is unlikely that the proportion of the under-represented gender in the board will increase further over the coming years. The shareholders are aware of the company's wishes to honor diversity and equal gender representation and will be aware of this in the future constitutions of the Board, to the extent the recruitment base supports this possibility.

Other management levels:

The company is required to establish a policy for diversity at other management levels. Through its internal policies and practices, the group assures a fair selection process, open towards all genders as well as personal circumstances, and the selection is performed strictly on criteria related to expertise and reflection of company values.

Gender diversity, status 2023

	Total members	Female share	Target	Target year
Board of Directors	5	20%	25%	2026
Other Management Levels	26	19%	33%	2028

Statement of Data Ethics Policy

We adopted the Policy of Data Ethics in 2022. The policy establishes the overall guidelines and principles for how data ethics is considered and reflects the Group's commitment to manage data responsibly based on principles of honesty, transparency, and accountability.

As a company, we primarily processes data relating to human resources, shareholders interactions, customer and supplier contact. The group controls that data is collected for explicit and legitimate purposes and processed legally and fairly, including that data processing only comprises the data necessary to realize the purpose of the processing.

Any violation of the policy on data ethics or the Group's internal procedures may be reported by employees through the groups whistleblowing system. No reports were filed in 2023.

The policy on data ethics is approved by the board of directors annually and revised on an ongoing basis.



Anticipated development

Pork prices expected to remain attractive for the foreseeable future

ASF continues to challenge the industry in EU as affected countries continue to discover new cases besides new countries being added to the list. But the market balance in EU is adjusted to the situation with the lack of export out of EU from the affected countries. Unless ASF spreads to one of the big export countries we don't expect ASF to affect the market balance in 2024.

The demand in Europe for pork meat never fully recovered to the pre-Covid levels partial due to the inflation impacting consumer behavior. But in Romania, the willingness to pay extra for locally produced pork is stronger than ever due to a very low self supply.

Predicting the supply evolution seem to be on firmer grounds indicating low supplies for a foreseeable future. The drop in slaughtering in Europe in 2022 continued in 2023 and have reduced the supply significantly. The latest herd counts in EU, document a significant reduction and indicate that the production in 2024 maximum will repeat the low 2023 level.

Although the pig price most likely have peaked, we expect only limited price reductions, and we expect the average pig price to remain above 2 EUR per kg for 2024.

Feed prices declining - but from a very high level

The grain prices dropped as expected to a more "normal" level from harvest 2023. In fact, the prices have also after harvest continued the down trend supported by a strong harvest worldwide! We have currently secured a big portion of the cereals needed until harvest 2024 at prices 30% below the 2022 record high level.

The price level is expected to stay at a profitable level throughout 2024

The price levels are expected to support profitability also in 2024 as we expect the pig prices to remain relatively high and the feed prices to be further reduced compared to 2023. The price ratio is expected for 2024, to level out closer to a long-term average level.

Support program for animal welfare continue

A new program for improving animal welfare like the previous program was established starting with 2023. Continuation of support to the industry is an important factor for Romania to reestablish a reasonable degree of national self-supply.

Production temporarily downsized – focus on return to full operation

Although the new ASF outbreak in January 2024 is a major bump, the strategy still is to

resume full production as soon as reasonably possible. The production in 2024, despite the outbreak in January, is expected 10% up from 2023. The production in 2024 will still be approx. 30% lower than in 2019 (the most recent year without ASF outbreaks).

ASF restrictions expected to continue disrupting our production flow

Despite no disruption of production flows caused by farms entering protection/surveillance zones in 2023, future incidents are considered unavoidable. In financial planning, we include a small reserve to cover the negative impact caused by such situations.

It's of a high importance for our industry that the ASF situation is being controlled. Improvement can be seen in the manner that some local authorities manage the clearance of ASF outbreaks, leading to gradually decreasing periods of animal movement restrictions.

We do expect that ASF will be present in Romania for several years to come, but as both backyard production and the wild boar population is naturally decreasing over time, further accelerated by ASF, the risk is expected to gradually decrease within the following years.

Investments focused on optimized production flows and reduced energy costs

Investments projects is prioritized considering the ASF situation, and the focus on having all farms back in production. Our priority to protect our farms within the Group remains. Besides this, selected projects, supported by investments grants, upgrading existing farms and installing photo voltaic to cover part of our electricity consumption, is planned for 2024.

Profitability expected in 2024 despite ASF

As stated above, we believe pork prices will remain at a very satisfactory level throughout 2024 and the price ratio to continue close to the profitable 2023 level. But the temporarily downsized production have a severe negative impact despite farms gradually being restarted.

Based on our price expectations, and the recent ASF outbreak, we expect the adjusted EBITDA (excluded for fair value adjustment of the herd) to reach EUR 12-16m, enough for an adjusted EBT of EUR 1-4m. Herd valuation is expected to have a negative impact in 2024.

We remain focused on our cash flow in 2024. The starting point is strong, and the cash base is expected to remain on a satisfactory level throughout the year supporting restarting the remaining temporarily closed farms.

Income Statement

Consolidated Income Statement

	EUR '000	2023	2022
	<u>Note</u>		
Revenue	3	61.631	40.360
Grants and other income	4	3.993	5.655
Value adjustment, biological assets	5	1.396	6.201
Total Income		67.020	52.216
Direct costs		-28.038	-25.061
Other external costs		-13.584	-10.554
Gross profit		25.398	16.602
Staff expenses	6	-6.993	-6.456
Special items	7	0	-778
Depreciation	8	-7.682	-7.960
Operating profit (EBIT)		10.722	1.407
Financial income	8	101	75
Financial expenses	9	-3.299	-2.385
Profit before tax		7.524	-902
Tax on profit for the year	10	-1.199	73
Net profit for the year		6.325	-829
Distribution of profit for the year:			
Group Shareholders		6.325	-829
Distributed		6.325	-829

Consolidated Statement of Comprehensive Income

	EUR '000	2023	2022
Net profit for the year		6.325	-829
Items that may be reclassified subsequently to profit or loss			
Exchange adjustments of foreign enterprises		410	-13
Fair value adjustment of hedging instruments		-72	468
Tax on hedging instruments		12	-75
Items that may not be reclassified subsequently to profit or loss			
Revaluation of land, buildings, leasehold improvements and plant and machinery		2.594	0
Tax on previous years revaluation adjusted		-415	0
Total comprehensive income		8.853	-448
Distribution of total comprehensive income			
Group shareholders		8.853	-448
		8.853	-448

Balance Sheet

Consolidated Statement of Financial Position

	EUR '000	31/12 2023	31/12 2022
Assets	Note		
Acquired rights	11	351	476
Intangible fixed assets in total		351	476
Land and buildings	12	67.968	68.926
Plant and machinery	12	12.807	14.839
Operating equipment	12	591	872
Right of use assets	12	1.701	2.602
Property, plant and equip. in progress	12	915	836
Property, plant and equipment		83.982	88.074
Non-current investments	14	86	82
Fixed asset investments		86	82
Biological assets, Breeding herd	13	10.513	7.461
Biological assets		10.513	7.461
Total non-current assets		94.931	96.093
Biological assets, Commercial herd	13	13.338	10.089
Inventories	15	8.379	9.898
Biological assets and inventories		21.717	19.987
Trade receivables	16	6.191	4.330
Other receivables	16	6.014	6.886
Prepayments		827	1.012
Receivables		13.032	12.227
Assets classified as held for sale	17	315	403
Cash and cash equivalents		5.332	6.280
Total current assets		40.396	38.897
Total Assets		135.328	134.990

	EUR '000	31/12 2023	31/12 2022
Equity and Liabilities	Note		
Share Capital	19	710	710
Asset revaluation surplus		11.253	9.706
Cash flow Hedging reserve		121	181
Reserve for exchange adjustments		1.191	759
Retained earnings		72.872	65.937
Equity		86.146	77.293
Provision for deferred tax	20	372	-169
Credit institutions	21	14.893	20.309
Lease liabilities	21	467	1.012
Subordinated shareholder loan	21	2.500	2.500
Deferred income	22	1.660	1.981
Other non-current liabilities	21	3	12
Long-term liabilities		19.895	25.645
Short term portion, credit institutions, leasing and other non-current	21	22.195	26.517
Trade payables		3.716	3.024
Interest bearing payables to shareholders	21	1.248	1.038
Other liabilities	23	2.127	1.472
Short-term liabilities		29.286	32.051
Total liabilities		49.181	57.696
Total Equity and Liabilities		135.328	134.990

Consolidated Statement of Changes in Equity

EUR '000	Share Capital	Asset revaluation surplus	Cash flow hedging reserve	Reserve for exchange adjustment	Retained earnings	Total Equity
Equity at January 1, 2022	690	10.827	-212	772	63.613	75.690
Reclassified (depreciated revaluation transferred to retained earnings)	0	-487	0	0	487	0
Reclassified Equity at January 1, 2022	690	10.340	-212	772	64.100	75.690
Increase share capital	20	0	0	0	1.980	2.000
Share based payments	0	0	0	0	52	52
Net profit/loss for the year	0	0	0	0	-829	-829
Depreciation of revaluation reserve	0	-634	0	0	634	0
Other comprehensive income	0	0	393	-13	0	380
Comprehensive income for the year 2022	20	-634	393	-13	1.837	1.603
Equity December 31, 2022	710	9.706	181	759	65.937	77.293
Increase share capital	0	0	0	0	0	0
Share based payments	0	0	0	0	-22	-22
Net profit/loss for the year	0	0	0	0	6.325	6.325
Depreciation of revaluation reserve	0	-632	0	0	632	0
Other comprehensive income	0	2.179	-61	432	0	2.550
Comprehensive income for the year 2023	0	1.547	-61	432	6.935	8.853
Equity December 31, 2023	710	11.253	121	1.191	72.872	86.146

Consolidated Cash Flow Statement

	EUR '000	2023	2022		EUR '000	2023	2022
	<u>Note</u>				<u>Note</u>		
Operating profit/loss (EBIT)		10.722	1.407	Proceeds from borrowings	20	212	515
Adjustment for non-cash items:				Repayment of borrowings	20	-10.294	-10.724
Depreciations		7.725	8.103	Capital increase		0	2.000
Provisions		-22	52	Cash flow from financing activities		-10.083	-8.209
Value adjust., biological assets	5	-1.396	-6.201	Change in cash and cash equivalents		-932	-12.185
Change in commercial herd	13	-1.501	-73	Cash and cash equivalents, start		6.280	18.468
Change in inventories		1.519	-2.905	Exchange adjustments, beginning cash		-17	-2
Change in receivables		-864	1.214	Cash and cash equivalents at December 31		5.332	6.280
Change in trade payables etc.		1.017	-1.589	Un-utilised short term facilities		6.827	2.643
Cash flow from operations before financial items		17.200	8	Liquidity available at December 31		12.159	8.923
Financial income received	8	101	75				
Financial expenses paid		-3.024	-2.290				
Corporation taxes paid		-674	-474				
Cash flow from operating activities		13.603	-2.681				
Acquisition of intangible assets	11	0	-37				
Sale of intangible assets	11	2	1				
Acquisitions of property, plant and equipment	12	-1.309	-1.148				
Sale of property, plant and equipment	12	176	238				
Acquisition of investments	14	-4	-4				
Investment subsidies received	21	0	1				
Net disposal of assets held for sale	17	88	46				
Acquisition of biological assets	13	-3.405	-392				
Cash flow from investing activities		-4.452	-1.296				

Note 1: Summary of significant accounting policies and estimates

Significant accounting estimates and assessments in the group accounting policies

Revaluation of fair value of property, plant and equipment

The Group's land, buildings, plant and machinery are revaluated at fair value. Revaluation of property, plant and equipment is recognized in fair value using either a market-based approach or a replacement cost approach. Results of the revaluation based on the replacement cost approach were compared with a revaluation performed using the income approach to check for impairment indicators of revalued assets, if any.

The revaluation process is based on qualified independent appraisers done according with International Valuation Standard 300. This standard considers as basis for evaluation IAS36 and IFRS13. Valuation techniques are the market and replacement cost approach. The replacement cost approach is only used in cases where there was no possibility to use the market approach.

The valuation process are reviewed and approved by the Group's Management and by the Audit Committee every year. Results for measurement are reviewed and approved whenever revaluations are performed.

In the subsidiaries, revaluations are performed every fifth year after a rotation principle to ensure the carrying amounts do not differ materially from that which would be determined using fair value at the end of the reporting period. This procedure has been used for many years with only limited value adjustments registered. This year none of the entities performed a valuation.

The total fair value of land, buildings, plant and machinery amounted to EUR 83.0 million at December 31st, 2023 (EUR 86.6 million at December 31st, 2022).

Fair value of biological assets

Biological assets are recognized when the Group controls the assets and it is probable that future economic benefits associated with the asset will flow to the Group and the cost for fair value of the asset can be measured reliably.

Biological assets are measured at fair value less selling costs.

Value adjustments of biological assets are recognized in profit or loss for the period of which they relate.

Commercial herd:

Slaughter pigs (Finishers) above 50 kg are valued based on average sales prices for November-December on the local market less costs for reaching desired sales weight of approx. 110 kg. Finishers between 25-50 kg are valued as weaners with additions for added weight.

The fair value of weaners is based on official Danish and German quotes plus a mark-up to reflect the Romanian market conditions. The Danish and German quotes are used as there isn't an official quotation for the Romanian market. The Group's experience from historical sales as well as purchases is that prices on the Romanian market are strongly correlated to the German and Danish quotations plus a mark-up reflecting the lack of weaners for sale in Romania. The mark-up is according to the Group's recent weaner sales contracts.

The valuation of piglets is based on official Danish quotes.

Breeding herd:

Breeding herd (boars, sows and young females) are valued based on official quotes, based on criteria such as genetics, costs and expected piglets.

Note 2: Contingent liabilities

Relocation of Negreni farm: (Negreni neighbor cases)

Five citizens from Negreni village filed, in November 2016, a claim against Premium Porc Negreni SRL with the objective of relocating the Negreni-farm as well as receiving compensation for moral damages. Their claim is based on Government Order no. 119/2014 stipulating that distances from farm operations to the neighboring houses should be minimum 1,500m. The Negreni farm, build in 1981, is currently located at few hundred meters from the nearest houses, all of them being built after the farm.

In first court, in March 2018, the judge ruled that the farm should be relocated in order to respect the mandatory distance provided by Order 119 and denied the claimants compensation for moral damages. Premium Porc Negreni SRL appealed the ruling in June 2018. In second court, in December 2018, the Mehedinti Tribunal rejected our appeal and upheld the decision from the first court.

The Government's objective, in 2014 when Order 119 was issued, was to prevent construction of new farms within less than 1,500 m from private houses for the future. And vice versa. This understanding of the Government's Order also is confirmed by all authorities and is reflected in the fact that all production and functioning permits are regularly renewed despite the distance being less than 1,500 m.

To further substantiate our understanding of the Order we've in 2020 received a response from the Ministry of Health confirming that our understanding is correct. The Order was changed in 2023 and the request of 1,500 m distance from nearest houses was removed.

Fighting enforcement procedures is ongoing and court hearings continued in 2023. As per penalties, several claims against enforcement procedures have been upheld by the Court and initial penalties annulled. We expected a breakthrough when the Court decided, that since we as a company stopped the activities in Negreni farm obligations

according to original rulings were met and the enforcement claims were stopped. But this ruling was appealed, and the decision reversed. However, we are in progress of making new claims for fighting the enforcement procedures, this time based on changing in legislation that was the main argument for the initial decision. Subsequently, we are investigating other options to close the case.

One penalty claim is closed with a limited amount and another claim is dismissed. We expect to close the rest of the claims in a satisfactory manner in 2024.

We have since September 2019 up to 2022 received, fourteen new similar claims from other citizens with connections to the original claimants as well as three new claims from one of the original claimant and his wife. Also, a new claim from the son of the main claimant was received in November 2019, having as object, to meet the distance between his house and the lagoons. All the new cases have been trialed and dismissed at second tier, making our wins definitive. The risk of receiving new claims copying the original claim no longer exist considering the changes to the Government Order eliminating the minimum distances.

We are also investigating other options for dealing with this case.

The current ruling for relocation doesn't cancel the production permits. According to our legal advisors, since the ruling is to "move" the farm and not to close it, it will be difficult or impossible for the claimants to stop our production in the farm. Relocation of the farm is impossible to carry out in practice and calculation of the potential worst-case loss is impossible to assess with a reasonable certainty. The potential worst-case loss caused by the unlikely outcome that the farm will have to be closed and removed is substantial.

Based on the management and the company's legal advisor's opinion that the relocation ruling never will be carried out, no provisions for relocation of the farm nor other provisions are stated in the financial statements.

Notes to the Income Statement

Note	EUR '000	2023	2022
3 Revenue			
Business areas:			
Pig production		60.927	39.520
Other		705	840
		61.631	40.360
Intra-group trade between the business areas		0	0
		61.631	40.360
Geography:			
Romania		61.631	40.360
<p>Revenue from sale of products is recognized when the Group has transferred control of products sold to the buyer. Control of the products is transferred at a point in time, typically on delivery. Revenue is recognized net of VAT, duties and sales discounts.</p> <p>The Group primarily sells pigs for slaughterhouses. Revenue from the sales of pigs is recognised when delivery has taken place.</p>			
4 Grants and other income			
Animal Welfare Payments		3.993	3.401
EU hectare support		0	55
Other grants		0	2.199
		3.993	5.655
5 Value adjustment, biological assets			
Value adjustments pigs		1.396	6.201
		1.396	6.201

Note	EUR '000	2023	2022
6 Staff expenses			
Wages and salaries		6.265	6.325
Pension costs		4	4
Social contribution & other staff expenses		746	694
Wages closed farms (Special Items)		0	-619
		7.015	6.405
Share based payments for management team		-22	52
		6.993	6.456
Remuneration to the Executive Board		563	474
Remuneration to the Board of Directors		90	82
Average number of employees		292	333
7 Special Items			
Costs incurred in connection with ASF restriction zones:			
Costs related to operation of blocked farms		0	3
Costs related to handling and authority requirements		0	15
Net costs related to ASF outbreaks:			
Compensation for culled herd (revenues)		0	-3.008
Value culled herds		0	1.278
Costs related to culling, disinfection and quarantine		0	2.491
		0	778

Notes to Income Statement and Intangible Assets

Note	EUR '000	2023	2022
7 Special Items - continued			
Special Items are: 1) non recurrent costs related to restrictions imposed by the Authorities when our farms is placed in different ASF zones and 2) costs caused by infection of ASF leading to the herd being culled. We refer to the detailed decription in the management review.			
If the special items had been recognized in operating profit before special items, they would have been included in the following items:			
Direct costs		0	-3
Other external costs		0	-1.710
Staff expenses		0	-619
		0	-2.332
8 Financial Income			
Interest financial institutions		101	75
		101	75
9 Financial Expenses			
Interest bank debt		1.865	1.271
Calculated interest leasing commitments		77	84
Interest shareholders loans		138	176
Other financial expenses		944	758
Exchange rate adjustment		274	94
		3.299	2.385
10 Income Taxes			
Current tax		1.442	-411
Adjustment of deferred tax		-243	338
		1.199	-73

Note	EUR '000	2023	2022
10 Income Taxes - Continued			
Tax on profit for the year is specified as follows:			
Calculated 16% tax on profit for the year before tax:		1.204	-144
Tax effect of:			
Differences in tax rates in Denmark (22%) compared with Romania		451	-54
Non-taxable income and expenses		-456	125
		1.199	-73
Effective tax rate for the year		16%	8%
11 Intangible assets			
Acquired rights			
Cost at January 1		1.507	1.472
Additions for the year		0	37
Disposals for the year		-2	-3
		1.505	1.507
Cost at December 31		1.505	1.507
Amortisation at January 1		1.031	877
Amortisation for the year		147	155
Reversed depreciation on disposal		-25	-2
		1.153	1.031
Amortisation at December 31		1.153	1.031
Carrying amount at December 31		352	476
The Group has acquired and implemented several software systems used in daily operations. The value of the acquired rights are based on costs for licenses and implementations of those software systems.			

Notes to Financial Position

12 Tangible assets

EUR '000	Land and buildings	Plant and Machinery	Operating equipment	Right of use assets	Property, plant and equipment in progress
Cost at January 1, 2022	81.757	42.333	2.300	6.952	1.972
Reclassification/transfer	275	0	0	0	0
Additions for the year	701	1.556	755	64	173
Disposals for the year	-88	-13	-149	-1.467	-1.309
Cost at December 31, 2022	82.646	43.876	2.906	5.549	836
Revaluation at January 1, 2022	15.582	0	0	0	0
Reclassification/transfer	-275	0	0	0	0
Revaluation disposal	-3	0	0	0	0
Revaluation at December 31, 2022	15.304	0	0	0	0
Amortisation at January 1, 2022	25.234	25.263	1.777	3.235	0
Amortisation for the year	3.801	3.018	371	1.035	0
Reversed depreciation on disposal	-11	757	-113	-1.323	0
Amortisation at December 31, 2022	29.024	29.037	2.034	2.947	0
Carrying amount at December 31, 2022	68.926	14.839	872	2.602	836
Out of which carrying amount on revaluations	11.555				
Out of which land not depreciated	4.459				
Right-of-use assets by category	383	986	1.233		
Assets provided as security for debt	68.926	14.839	872		

Revaluation of fair value of property, plant and equipment

The Group's land and buildings and plant and machinery are revaluated at fair value as described in note 1. The revaluation process is based on qualified independent appraisers, and valuation techniques are the market and replacement cost approach. The replacement cost approach is only used in cases where there was no possibility to use the market approach.

Revaluations are in the subsidiaries carried out in a rotation principle to ensure the carrying amounts does not differ materially from what would be determined using fair value at the end of the reporting period. No valuation review was performed in 2022.

Notes to Financial Position

12 Tangible assets continued

EUR '000	Land and buildings	Plant and Machinery	Operating equipment	Right of use assets	Property, plant and equipment in progress
Cost at January 1, 2023	82.646	43.876	2.906	5.549	836
Additions for the year	320	742	67	102	236
Disposals for the year	-34	-4	-309	-1.468	-157
Cost at December 31, 2023	82.931	44.614	2.664	4.183	915
Revaluation at January 1, 2023	15.304	0	0		0
Revaluation increases	2.594	0	0	0	0
Revaluation at December 31, 2023	17.897	0	0	0	0
Amortisation at January 1, 2023	29.024	29.037	2.034	2.947	0
Amortisation for the year	3.842	2.773	318	886	0
Reversed depreciation on disposal	-5	-4	-280	-1.351	0
Amortisation at December 31, 2023	32.860	31.807	2.073	2.482	0
Carrying amount at December 31, 2023	67.968	12.807	591	1.701	915
Out of which carrying amount on revaluations	13.396				
Out of which land not depreciated	4.402				
Right-of-use assets by category	322	948	430		
Assets provided as security for debt	67.968	12.807	591		

If Land and buildings were measured using cost model, the carrying amounts would be:

Net carrying amount Land and Buildings without revaluations, 2022	57.371
Net carrying amount Land and Buildings without revaluations, 2023	54.572

Revaluation of fair value of property, plant and equipment

The Group's land and buildings and plant and machinery are revaluated at fair value as described in note 1. The revaluation process is based on qualified independent appraisers, and valuation techniques are the market and replacement cost approach. The replacement cost approach is only used in cases where there was no possibility to use the market approach.

Revaluations are in the subsidiaries carried out in a rotation principle to ensure the carrying amounts does not differ materially from what would be determined using fair value at the end of the reporting period.

A valuation review has been performed in 2023 on the properties owned by Premium Porc SRL and Consinterfin SRL. The valuation reviews resulted in a total financial revaluation of EUR 2.6m.

The Group had end of 2023 no contractual obligations related to Property, plant and equipment in progress (2022: EUR 0.0m).

Notes to Financial Position

13 Biological assets

Commercial and breeding herd

Carrying amount at January 1, 2022

Movements 2022:

Gains/losses f. fair value changes

Additions from production

Additions from purchases

Disposals from sales

Transfers between groups

Carrying amount December 31, 2022

Year-end stock (heads)

Finishers, weaners & sows sold (heads)

Biological assets provided as security

Movements 2023:

Gains/losses f. fair value changes

Additions from production

Additions from purchases

Disposals from sales

Transfers between groups

Carrying amount December 31, 2023

Year-end stock (heads)

Finishers, weaners & sows sold (heads)

Biological assets provided as security

EUR '000

	Commercial herd	Breeding herd	Total herd
Carrying amount at January 1, 2022	5.957	4.927	10.884
Movements 2022:			
Gains/losses f. fair value changes	4.059	2.142	6.201
Additions from production	39.733	566	40.299
Additions from purchases	0	242	242
Disposals from sales	-38.998	-1.079	-40.077
Transfers between groups	-662	662	0
Carrying amount December 31, 2022	10.089	7.461	17.550
Year-end stock (heads)	121.180	14.637	135.817
Finishers, weaners & sows sold (heads)	294.906	4.194	299.100
Biological assets provided as security	10.089	7.461	17.550
Movements 2023:			
Gains/losses f. fair value changes	1.748	-352	1.396
Additions from production	56.665	2.551	59.216
Additions from purchases	0	1.576	1.576
Disposals from sales	-53.756	-2.130	-55.887
Transfers between groups	-1.408	1.408	0
Carrying amount December 31, 2023	13.338	10.513	23.851
Year-end stock (heads)	145.262	22.461	167.723
Finishers, weaners & sows sold (heads)	335.580	6.867	342.447
Biological assets provided as security	13.338	10.513	23.851

Gain on changes in fair value comprises changes as a consequence of biological growth and price changes. Disposals from sales and transfer amounts are calculated using the fair value per unit from previous period. Transfers between groups' covers pigs transferred to own breeding as young females.

Reference is made to note 1 for further details of fair value measurement of biological assets.

All biological assets are measured at fair value. All of these fair values are placed at **level 3** in the fair value hierarchy as significant estimates are applied – please refer to note 1. The Groups financial department is responsible for performing the valuation of fair value measurements including level 3 fair values of biological assets. Valuation model includes market inputs from official prices and actual own sales prices on local market. The valuation process and results for measurement are reviewed and approved by Group Management and the Audit Committee at least once every year.



Notes to Financial Position

Note	EUR '000	2023	2022
14 Non-current investments			
Deposits / other financial assets		86	82
Cost at December 31		86	82
15 Inventories			
Rawmaterials for feed		5.413	7.675
Other Consumables		2.139	1.454
Finished goods (feed a.o.)		827	770
Total inventories		8.379	9.898
Cost of sales recognized in profit or loss (feed)		28.038	25.061
Inventories provided as security		8.379	9.898
No write-down has been made on inventories.			
16 Receivables			
Trade receivables		6.685	4.887
Bad debt provision		-494	-557
Trade receivables, net		6.191	4.330
Receiveable from public grants		3.943	4.279
Other receivables		2.215	2.769
Bad debt provision		-144	-163
Other receivables, net		6.014	6.886
Write down, beginning of year		720	905
Exchange adjustments		-4	1
Additions for the year		161	134
Disposals for the year		-239	-319
Write-down at December 31		638	720

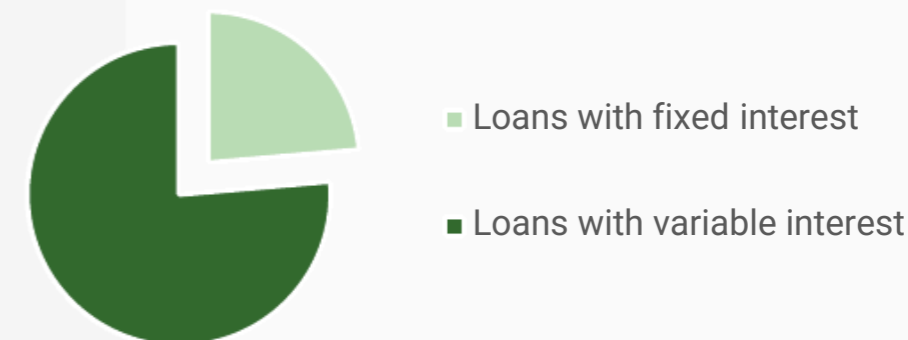
Note	EUR '000	2023	2022
17 Assets held for sale			
Land and buildings		315	403
Cost at December 31		315	403
Assets held for sale is related to a agricultural land development project spread out over Galati County in Romania. The land has never been part of the Group's operation and a sale will not impact future earnings neither the future development of the Group.			
18 Share Capital			
The share capital comprises the following share classes:			
A-shares:			
Number beginning		710.000	690.000
Capital increase		0	20.000
Number at December 31		710.000	710.000
Each share has a value of EUR 1. No shares carry any special rights.			
19 Provision for deferred taxes			
Provision at begining of year		-169	245
Adjustment for the year recognized in profit or loss		-243	338
Adjustment on equity		784	-752
Provision for deferred tax December 31		372	-169

Deferred tax relates to tangible assets.

Notes to Financial Position

20 Interest bearing debt

EUR '000					Cash flow from financing activities		Non-cash changes			
	Payable after 5 years	Payable between 2 and 5 years	Payable within 1 year	Total	EUR '000	1/1 2022	Cash flows	Foreign exchange movement	Fair value changes	31/12 2022
Debt at December 31, 2022										
Credit institutions, non-current:	0	20.309	3.654	23.963	Credit institutions, non-current:	28.409	-4.398	-48	0	23.963
Leasing debt:	0	1.011	969	1.980	Leasing debt:	3.215	-1.235	0	0	1.980
Other non-current debt:	0	12	56	68	Other non-current debt:	334	-266	0	0	68
Subordinated loan to shareholder:	0	2.500	0	2.500	Subordinated loans	3.500	-1.000	0	0	2.500
Other payables to shareholder:	0	0	1.038	1.038	Other payables to shareholder	1.323	-285	0	0	1.038
Credit institutions, current:	0	0	21.839	21.839	Credit institutions, current:	25.726	-3.887	0	0	21.839
	0	23.832	27.556	51.388		62.507	-11.071	-48	0	51.388
Debt at December 31, 2023										
Credit institutions, non-current:	0	14.893	5.416	20.309	Credit institutions, non-current:	23.963	-3.528	-126	0	20.309
Leasing debt:	0	467	638	1.105	Leasing debt:	1.980	-875	0	0	1.105
Other non-current debt:	0	3	9	12	Other non-current debt:	68	-56	0	0	12
Subordinated loan to shareholder:	0	2.500	0	2.500	Subordinated loans	2.500	0	0	0	2.500
Other payables to shareholder:	0	0	1.248	1.248	Other payables to shareholder	1.038	209	0	0	1.248
Credit institutions, current:	0	0	16.131	16.131	Credit institutions, current:	21.839	-5.708	0	0	16.131
	0	17.863	23.442	41.305		51.388	-9.957	-126	0	41.305



Notes to Consolidated Financial Statements

Note	EUR '000	2023	2022
21 Deferred Income			
Investments subsidies beginning		1.981	2.258
New investment subsidies received		0	1
Amortization of investments subsidies		-321	-277
		1.660	1.981

Deferred income primarily relates to grants for the construction of feedmills and biosecurity barriers on farms in Romania. Grants are recognised as income concurrently with the underlying fixed assets being depreciated.

22 Other liabilities

Employee related payables	492	482
Other payables	1.636	990
	2.127	1.472

Split of total outstanding interest bearing debt

	EUR '000	2022	2023	binding period in months	Avg. effective interest
Loans with fixed interest					
EUR		11.038	9.745	12-36	3-5%
RON		68	12	up to 24	0%
		11.106	9.757		
Loans with variable interest					
EUR		37.763	31.549	1-6	4-5%
RON		2.500	0	1-6	6-7%
DKK		20	0	1	5%
		40.283	31.549		

Note 23: Financial risks

Market risk

The Group's credit facilities are floating-rate credits, which exposes the Group to interest rate fluctuations. According to Group policy, all financing of working capital and investments in fixed assets are made on floating-rate terms. An interest hedging of approx. 15 % of the debt (EUR 6.0m) has been concluded via the same banks providing the underlying long-term facility. The interest hedge fixes the interest to approx. 3.5% including margins for the next year. The positive market values of the interest hedge, EUR 0.2m, is included in Other liabilities (note 22). Additional 9 % of the Group's debt is with fixed interest rate.

Activities abroad, earnings, cash flows and equity are not materially affected by currency risks, as the foreign activities are predominantly transacting in their functional currency (RON). Similarly, the external financing is denominated in EUR, which is the functional currency of the parent entity and the presentation currency for the Group, except for financing locally, which is in the functional currency of the subsidiary. Hence, there is no currency risks related to external financing either. Consequently, material currency risks for the Group are limited to translation risks related to foreign subsidiaries.

The Group does not engage in speculative currency positions. Introduction of the EUR as functional currency of the consolidated financial statements has contributed to reducing the overall impact of exchange rates.

Exchange rate adjustments of investments in foreign subsidiaries being independent entities are recognized in other comprehensive income. Exchange rate risks related to investments are normally not hedged, as the company's management is of the opinion that a current foreign currency hedging would not be the optimal solution with a view to the overall risk and costs.

The Group is exposed to interest rate risks, as loans are primarily with variable interests except for the smaller part with fixed interests described above. A reasonable possible change in interest rates at 31.12.2023 would not have any material effect. An increase of 1% of the interest will, on an isolated basis, affect profit for the year before tax by approximately EUR 0.3 million (2022: approx. EUR 0.4 million).

The Group is highly exposed to global and EU development in sales prices of pork as well as raw materials for feed (grain and protein). The most significant effect on the Group's earnings is attributable to changes in the price of pig meat and price changes relating to pig feed, which makes up 2/3 of the pig production costs. The Group observes these developments closely.

A change of the pig meat price of 10% will, on an isolated basis, affect profit for the year before tax by approximately EUR 5.6 million (2022: approx. EUR 3.8 million). A 10% change in the feed price will, on an isolated basis, affect profit for the year before tax by approximately EUR 2.8 million (2022: approx. EUR 2.5 million).

Other Financial Risks

Note 23: Financial risks - Continued

Liquidity risk

The Group ensures adequate cash resources by entering into framework agreements in respect of current overdraft facilities. Existing agreements subject to time limitation are irrevocable on the part of the banks prior to maturity unless there is a breach of the terms of the loans according to the loan agreements.

Maturity analysis for debt is stated in Note 20, to which reference is made. The maturity analysis is disclosed according to category and class broken down on maturity period. All amounts are excluding future interest payments.

Capital management

The objective of the Group's capital management is to ensure the Group's ability to continue as a going concern in order to provide return on the shareholders' investments and establish and maintain an optimal capital structure for the purpose of reducing the costs of borrowed capital and maintain a basis for continued growth in the Group.

The Group's capital management is moreover partly controlled by loan agreements which include specific requirements to the financial performance of the Group.

Total capital comprises equity and subordinate loan capital from the Parent company; as shown in the consolidated balance sheet

Credit risk

The Group is exposed to credit risks on receivables. The Group positively wants to minimize its credit risks, which mainly relates to sales transactions. Credit insurance is taken out in advance on more than 95% of the normal sales of slaughter pigs. Due to changes in the sales (weaner sales) caused by ASF trade restrictions the credit exposure was significantly increased in 2018 and has gradually improved since although not to the pre-ASF level. Credit insurance covers approx. 86% of the total receivable end of 2023 (2022: 85%). Outstanding receivables are followed-up upon on a current basis in accordance with Group procedures.

The expected credit losses on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

	EUR '000	Due above 5 years	Due Between 2 and 5 years	Due within 1 year	Total Carrying amount
Receivables at December 31, 2022					
Trade receivables		0	0	4.330	4.330
Other receivables		0	0	6.886	6.886
Prepayments		0	460	552	1.012
		0	460	11.768	12.228
Receivables at December 31, 2023					
Trade receivables		0	0	6.191	6.191
Other receivables		0	0	6.014	6.014
Prepayments		0	275	552	827
		0	275	12.757	13.032

Notes to Consolidated Financial Statements

24 Related parties and ownership

Controlling Interest

DCH International A/S, Dannevirkevej 6, 7000 Fredericia

Base for influence

Parent Company

DCH International A/S's shareholders are legal and natural persons, and no individual shareholder exercises control of the Group's activities.

Other related parties

Lars V. Drescher	CEO
Morten Beider	CFO
Torben Svejgaard	Chairman of the Board of Directors
Carsten Lind Pedersen	Member of the Board of Directors
Ole Sloth Nielsen	Member of the Board of Directors
Jytte Rosenmaj	Member of the Board of Directors
Bo Hølse	Member of the Board of Directors

Transactions

The Group has obtained a subordinate loan from the Parent Company:

	2023	2022
Outstanding amount at Year-end:	2.500	2.500
Interest for the year amounts to:	125	80

Other interest bearing debt and intercompany amounts from the Parent Company:

Outstanding amount at Year-end:	1.248	1.038
Financial expenses for the year amounts to:	13	97

Remuneration of the Executive Board and the Board of Directors is specified in note 6.

Intercompany transactions have been eliminated in accordance with the accounting policies. All transactions have taken place on arm's length basis.

25 Fees paid to auditors appointed by the General Assembly

Fees for statutory audits	96	99
Other Services	75	76
	171	175

Audit fee are recognized as administrative costs

Note 26: Incentive program for group management

The entity's parent DCH International A/S has granted warrants to members of the entity's management, that will allow them to purchase a number of shares in DCH International A/S at a price agreed in advance.

A total of 2,904,000 warrants have been granted in 2019 & 2020, of which 2,341,833 warrants have been vested on December 31, 2023. All of the remaining 562,167 warrants is cancelled due to the participants termination of employment. The participants may exercise their warrants by purchasing shares during a four-week period following the approval of the parent entity's annual report in the years 2023 to 2027, after which the warrants will lapse without any further notice. The agreed exercise price increases from 3.81 DKK per share in 2023 to 4.63 per share in 2027.

The fair value of each option is calculated using an option pricing model taking into account the exercise price of the option, an estimate of the current price of the underlying shares, the life of the option and the risk-free interest rate for the life of the option. As the Group is unlisted, and no market information for comparable listed entities are currently available, the current price of the underlying shares is determined based on the equity per share according to the annual report for 2019. Management believe that this is a reasonable approximation of the current market price for the Group's shares for the purpose of the measurement of the warrants, due to the current market situation and the outbreak of ASF in Romania, and the fact that all tangible assets and biological assets of the group are measured at fair value. In determining the life of the option for the purpose of the measurement, it is assumed that the employees will exercise the option as soon as possible.

The fair value of the warrants granted has been determined to be 0.47 DKK (0.06 EUR) per warrant. The most significant inputs used in the measurement model are the following:

Volatility	25%
Exercise price (in the parent)	4.63 DKK
Risk free interest rate (pro anno)	0.0%
Life of the warrants	84 months

Note 27: Post balance sheets events

There have been no significant post balance sheets events except for the ASF outbreak in January 2024 described in the management review.

Accounting Policies

Note 28: Accounting Policies

Classification

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports.

Recognition and measurement

Assets are recognized in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Group, and the value of the assets can be measured reliably.

Liabilities are recognized in the balance sheet when the Group has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Group, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is affected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognized in the income statement when earned, whereas costs are recognized by the amounts attributable to this financial year.

Consolidated financial statement

The annual report include Premium Pork International A/S (Parent) and the enterprises (group enterprises) that are controlled by the Parent, see group chart in note 36. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The annual report is prepared on the basis of the financial statements of Premium Pork International A/S and its subsidiaries. The annual report is prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognized in full in the annual report.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business Combinations

Newly acquired or newly established enterprises are recognized in the annual report from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognized in the consolidated income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. On acquisition of enterprises, provisions are made for costs relating to decided and published restructurings in the acquired enterprise. Allowance is made for the tax effect of restatements.

Identifiable intangible assets are recognized separately from goodwill if they are separable or arise from contractual or other legal rights.

Any remaining positive differences between cost and the fair value of assets, liabilities and contingent liabilities acquired are recognized in intangible assets in the balance sheet as goodwill. Goodwill is not amortized but is tested for impairment on an annual basis. Enterprises acquired are recognized in the consolidated financial statements as from the date of obtaining control, whereas enterprises sold are recognized up until the date of surrender of control. Intra-group acquisitions of subsidiaries are made under the pooling of interest's method.

If any remaining difference between cost and the fair value of assets, liabilities and contingent liabilities acquired are negative, the amount is recognized immediately in profit or loss as a bargain purchase gain.

Foreign currency translation

The items recognized in the financial statements of each of the group enterprises are measured at the functional currency used in the primary economic environment in which the individual enterprise operates. The functional currencies of the group enterprises are the following: Romanian Lei (RON) for the Romanian subsidiary and EUR for the parent company in Denmark.

The consolidated financial statements are presented in EUR, which are the functional currency of the parent company and the presentation currency of the Group. On initial recognition, transactions in foreign currencies are translated at the exchange rates at the date of transaction. Exchange differences arising between the transaction date rates and the rates at the date of

payment are recognized in the income statement as financial income and expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the exchange rates at the date at which the receivable or the payable arose or was recognized in the most recent financial statements are recognized in the income statement as financial income and expenses.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities and of borrowings and other financial instruments designated as hedges of such investments are recognized in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss as part of the gain or loss on sale.

Balance sheet items including goodwill relating to consolidated enterprises that do not have EURO as their functional currency are translated into EUR based on the exchange rates at the balance sheet date, whereas the income statements of these enterprises are translated at average rates of exchange. Exchange adjustments arising on the translation of the opening equity at the exchange rates at the balance sheet date and net profit/loss for the year at the exchange rates at the balance sheet are recognized in other comprehensive income over equity under a separate reserve for exchange adjustments.

The Group used the following exchange rates for the translation into EUR on 31 December 2023:

RON: Income statement 2023: 1 EUR = 4.951 RON
(2022: 1 EUR = 4.932 RON)

DKK: Income statement 2023: 1 EUR = 7.4502 DKK
(2022: 1 EUR = 7.4365 DKK)

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognized under other receivables or other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognized asset or a recognized liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Accounting Policies

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognized in other comprehensive income. When the hedged transactions are realized, the accumulated changes are recognized as part of cost of the relevant financial statement items.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries are classified in other comprehensive income.

Income statement

Revenue

Revenue from sale of products is recognized when the Group has transferred control of products sold to the buyer and it is probable that the Group will collect the consideration to which it is entitled for transferring the products. Control of the products is transferred at a point in time, typically on delivery. Revenue is recognized net of VAT, duties and sales discounts and is measured at fair value of the determined consideration.

Investment grants are taken to income as actual payment is made when the conditions of payment of grants have been approved by the authorities.

Fair value adjustment biological assets

Fair value adjustments of biological assets include the adjustments of the company's biological assets for the financial year measured at fair value.

Costs of feed, energy and other production costs

Costs of feed, energy and other production costs include the consumption of raw materials and consumables used to achieve net revenue.

Other external expenses

Other external expenses comprise expenses for distribution, sale, administration, premises, bad debts, etc.

Staff costs

Staff costs comprise salaries and wages, social security costs, pension contributions, etc. for the Company's staff.

Amortization, depreciation and impairment losses

Amortization, depreciation and impairment losses relating to intangible and tangible assets comprise amortization, depreciation and impairment losses for the financial year, calculated on the

basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

Financial income and expenses

These items comprise interest income and interest expenses, the interest portion of finance lease payments, payables and transactions in foreign currencies, mortgage amortization premium/allowance on mortgage debt, etc. as well as tax surcharge and repayment under the Danish Tax Prepayment Scheme.

Tax

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit/loss for the year and recognized directly in equity by the portion attributable to entries directly in equity. Current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance Sheet

Intangible assets

Acquired intellectual property is amortized over the term of the agreement, but over no more than 5 years. Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment and property plant and equipment in progress are measured at cost less accumulated depreciation. Cost comprises the cost of acquisition and expenses directly related to the acquisition and costs for set-up. In case of assets of own construction, cost comprises directly attributable costs of labor, materials, components and sub-suppliers.

The categories land and buildings as well as plant and machinery are measured at fair value less accumulated depreciation on buildings and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss, the increase is recognized in

profit and loss. A revaluation deficit is recognized in the income statement, except to the extent that it offsets an existing surplus on the same asset recognized in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is recognized in retained earnings without passing the income statement. Financial expenses directly attributable to purchases, construction or production of a qualifying asset are included as part of the cost of the asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group uses the local, effective rate of interest on credit for construction and overdraft facilities for the calculation of expenses for capitalization.

Depreciation of a non-current asset is commenced when it is put into use. Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	25-40 years
Production plant and machinery	7-15 years
Operating fixtures, tools and vehicles	3-7 years
Land is not depreciated	

The carrying amount of property, plant and equipment is reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by fair-value or depreciation. If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount and the asset is written down to its lower recoverable amount.

Biological assets

Agricultural activity is defined as an activity in which biological transformation of biological assets for sale into agricultural produce or another biological asset takes place. Agricultural produce is defined as a harvested product of the Group's biological assets, and a biological asset is defined as living animals or crops.

The Group has assessed that its biological assets consists of breeding herds of gilts, sows and boars, commercial heard of slaughter pigs and unharvested crops.

On initial recognition and at subsequent reporting dates, biological assets are measured at fair value less estimated costs to sell unless fair value cannot be reliably measured on initial recognition.

Accounting Policies

Gains or losses on initial recognition of a biological asset measured at fair value less estimated costs to sell, and subsequent changes in the fair value less estimated costs to sell relating to the biological asset, are recognized in the income statement in the item “Gains/losses on changes in the fair value of biological assets” in the period in which the gain or loss arises.

Biological assets are recognized as current or non-current biological assets depending on the production cycle of the biological asset concerned. Generally, biological assets relating to slaughter pigs and cropping are recognized as current assets. Breeding herds of gilts, sows and boars are recognized as non-current assets.

Investments in subsidiaries

Investments in subsidiaries are recognized and measured under the equity method. This means that investments are measured at the pro rata share of the enterprises’ equity value plus or less unamortized positive, or negative goodwill and plus or minus unrealized intra-group profits and losses.

The Parent’s share of the enterprises’ profits or losses after elimination of unrealized intra-group profits and losses and minus or plus amortization of positive or negative goodwill is recognized in the income statement and the net revaluation reserve under the equity.

Upon distribution of profit or loss, net revaluation of subsidiaries is transferred from the reserve for net revaluation to retained earnings under the equity method.

The purchase method is applied in the acquisition of investments in subsidiaries; see above description under annual report.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realizable value. The net realizable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operation with deduction of costs to sell and costs of completion. The net realizable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labor as well as directly attributable labor and production costs. These costs also comprise maintenance and depreciation of machinery, factory buildings and equipment used in the manufacturing process as well

as costs of production management.

Agricultural produce is initially recognized at fair value at the point of harvest less estimated costs to sell, and subsequently in inventories up until the point when it is sold to a third party or is used internally as feed. The fair value of agricultural produce at the point of harvest is measured on the basis of the market prices on the markets on which the agricultural produce is expected to be sold or used as feed.

Receivables

Receivables are measured at amortized cost, usually equaling nominal value less write-downs for bad debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Lease commitments

Lease payments, not recognized under IFRS 16, are recognized on a straight-line basis in the profit and loss account over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortized cost, which usually corresponds to nominal value.

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash

Cash comprises bank deposits.

Deferred tax

Deferred tax is recognized on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets.

Income tax receivable or payable

Current tax payable or receivable is recognized in the balance sheet, stated as tax calculated on this year’s taxable income, adjusted for prepaid tax.

Cash flow statement

The consolidated cash flow statement and the parent cash flow statement are presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the cash and cash equivalents at the beginning and end of the financial year.

Cash flows from the acquisition and divestment of enterprises are shown separately under cash flows from investing activities.

Cash flows from acquired enterprises are recognized in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognized up to the time of divestment.

Cash flows from operating activities are calculated as operating profit/loss adjusted for non-cash operating items, working capital changes, financial income and expenses and income taxes paid.

Cash flows from investing activities comprise payments made in connection with the acquisition and divestment of enterprises, activities and fixed asset investments as well as acquisition, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the Parent’s share capital and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares, and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank debt.

Parent Income Statement

	EUR '000	2023	2022
	<u>Note</u>		
Revenue	29	1.416	1.258
Other external costs		-566	-523
Gross profit		850	735
Staff Expenses	31	-881	-847
Depreciation		0	0
Operating profit (EBIT)		-31	-113
Income from investments in subsidiaries	32	6.347	-657
Financial income	33	227	135
Financial expenses	34	-230	-228
Profit before tax		6.313	-863
Tax on profit for the year	35	12	34
Net profit for the year		6.325	-829
Distribution of profit for the year:			
Group Shareholders		6.325	-829
Distributed		6.325	-829

Parent Statement of Comprehensive Income

	EUR '000	2023	2022
	<u>Note</u>		
Net profit for the year		6.325	-829
Items that may be reclassified subsequently to profit or loss			
Exchange adjustments of foreign enterprises		436	-13
Hedge accounting		-61	393
Items that may not be reclassified subsequently to profit or loss			
Value adjustments in subsidiaries		2.179	0
Total comprehensive income		8.879	-448

Parent Statement of Financial Position

	EUR '000	31/12 2023	31/12 2022
Assets	Note		
Investments in subsidiaries	36	86.623	77.726
Loan to subsidiaries	37	2.500	2.500
Other non-current investments		7	7
Fixed asset investments		89.131	80.234
Non-current assets		89.131	80.234
Receiveables group companies	37	657	482
Other receiveables		91	38
Deferred tax assets		63	51
Receiveables		810	570
Cash and cash equivalents		176	287
Current assets		987	857
Total Assets		90.117	81.091

	EUR '000	31/12 2023	31/12 2022
Equity and liabilities	Note		
Share capital	18	710	710
Reserve for net revaluation according to the equity method		38.297	29.836
Retained earnings		47.140	46.748
Equity		86.146	77.293
Subordinate loan capital	38	2.500	2.500
Long-term liabilities		2.500	2.500
Credit institutions		3	20
Trade payables		84	85
Interest bearing payables to group companies		1.248	1.038
Other payables	39	136	155
Short-term liabilities		1.471	1.298
Total liabilities		3.971	3.798
Total Equity and Liabilities		90.117	81.091

Parent Statement of Changes in Equity

EUR '000	Share Capital	Reserve for net revaluation according to the equity method	Retained earnings	Total Equity
Equity at January 1, 2022	690	30.099	44.901	75.690
Increase share capital	20	0	1.980	2.000
Share based payments	0	0	52	52
Net profit/loss for the year	0	-657	-172	-829
Other comprehensive income	0	393	-13	380
Equity at December 31, 2022	710	29.836	46.748	77.293
Increase share capital	0	0	0	0
Share based payments	0	0	-22	-22
Net profit/loss for the year	0	6.347	-21	6.325
Other comprehensive income	0	2.114	436	2.550
Equity at December 31, 2023	710	38.297	47.140	86.146

Parent Cash Flow Statement

EUR '000	2023	2022
Operating profit/loss (EBIT)	-31	-113
Adjustment for non-cash items:		
Provisions	-22	52
Change in receivables	-228	50
Change in trade and other payables	-20	88
Change in interest bearing payables group	210	33
Cash flow from operations before financial items	-92	111
Financial income received	227	135
Financial expenses paid	-230	-228
Corporation taxes paid	0	0
Cash flow from operating activities	-95	18
Issuence of loans to subsidiaries	0	-1.000
Cash flow from investing activities	0	-1.000
Repayment of borrowings	-17	-1.010
Capital increase	0	2.000
Cash flow from financing activities	-17	990
Change in cash and cash equivalents	-112	8
Cash and cash equivalents, start year	287	280
Cash and cash equivalents at December 31	176	288
Un-utilised short term facilities	71	55
Liquidity available at December 31	247	342

Notes to Parent Financial Statements

Note	EUR '000	2023	2022
28 Revenue			
Management services		899	830
Secondment		242	177
Other		276	250
		1.416	1.258
29 Fees paid to auditors appointed by the General Assembly			
Fees for statutory audits		34	34
Other Services		0	13
		34	48
Audit fee are recognized as administrative costs			
30 Staff expenses			
Wages and salaries		903	795
Share based payments		-22	52
		881	847
Average number of employees		4	4

Reference is made to note 6 for information about remuneration to the Executive Board and Board of Directors and to note 26 for incentive program for the group management team.

Note	EUR '000	2023	2022
32 Income from investments in subsidiaries			
Premium Porc SRL		1.870	829
Consinterfin SRL, owned partly by Premium Porc Feed SRL		1.797	742
Agro Investments Moldova SRL		45	94
Premium Porc Negreni SRL		-160	-694
Premium Porc Feed SRL		324	-13
Degaro SRL, owned partly by Premium Porc Feed SRL		4.705	590
Olsuin SRL, owned partly by Premium Porc Feed SRL		-1.254	-447
Premium Porc Sibiu SRL, owned partly by PP Feed SRL		-1.077	-1.697
Premium Vet Depot SRL		100	26
Premium Pork Commercial SRL		-5	-87
		6.347	-657
33 Financial Income			
Interest bank deposits		3	1
Interest on loans to subsidiaries		225	134
Exchange rate adjustment		0	0
		227	135
34 Financial Expenses			
Interest bank debt		0	2
Interest on loans from shareholders		228	220
Exchange rate adjustment		1	5
		230	228
35 Income Taxes			
Adjustment of deferred tax		-12	-34
		-12	-34



Premium Pork International
Annual Report 2023

Growing in Romania