



PALSGAARD A/S

Annual report 2024

1 January 2024 – 31 December 2024

The Annual report has been presented and adopted
at the company's Annual General Meeting on
28 May 2025.

MAIKEN LØRENSEN

Palsgaard A/S
Palsgaardvej 10
7130 Juelsminde
CVR-NO: 26447038

Palsgaard®

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Company Details

Company	Palsgaard A/S
	Palsgaardvej 10
	7130 Juelsminde
	CVR No.: 26 44 70 38
	Established: 4 February 2002
Board of Directors	Municipality: Hedensted
	Financial Year: 1 January - 31 December
	Anders Brix, chairman
	Birger Brix
	Jakob Thøisen
Executive Board	Jane Hvolbæk Nielsen
	Mette Marciniak Mikkelsen
	Helle Müller Petersen
	Claus Dahlmann Larsen
	Janet Louise Christoph Ross
Auditor	Kim Bøjstrup
	Ole Albertsen
	Torben Eske Dahl-Hansen
	BDO Statsautoriseret revisionsaktieselskab
	Roms Hule 4, 1. sal
	7100 Vejle

Management's Statement

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Palsgaard A/S for the financial year 1 January - 31 December 2024.

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

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2024 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2024.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Juelsminde, 28 May 2025

Executive Board

Helle Müller Petersen

Claus Dahlmann Larsen

Janet Louise Christoph Ross

Kim Bøjstrup

Ole Albertsen

Torben Eske Dahl-Hansen

Board of Directors

Anders Brix
Chairman

Birger Brix

Jakob Thøisen

Jane Hvolbæk Nielsen

Mette Marciniak Mikkelsen

Independent Auditor's Report

To the Shareholder of Palsgaard A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Palsgaard A/S for the financial year 1 January - 31 December 2024, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for Opinion

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

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and the Parent Company Financial Statements.

Independent Auditor's Report

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

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

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

Independent Auditor's Report

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Parent Company Financial Statements does not cover 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 Company Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Vejle, 28 May 2025

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Bent Skov
State Authorised Public Accountant
MNE no. mne31481

Financial Highlights of the Group

	2024 DKK '000	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000
Income statement					
Net revenue	2.344.623	2.312.524	2.491.565	1.786.452	1.497.591
Gross profit	716.315	645.229	780.194	525.418	449.035
Operating profit	236.454	192.843	360.868	152.989	136.704
Financial income and expenses, net	-9.659	-29.133	-28.157	-2.540	-9.109
Profit for the year before tax	226.795	163.710	332.711	150.449	127.597
Profit for the year	184.877	126.808	263.148	116.809	97.383
Profit for the year excl. minority interests	180.430	126.124	257.202	112.316	91.009
Balance sheet					
Total assets	2.676.141	2.339.563	2.257.737	1.710.937	1.430.907
Equity	1.783.454	1.707.582	1.580.288	1.333.699	1.193.980
Equity excl. minority interests	1.760.324	1.682.510	1.557.541	1.296.732	1.162.814
Invested capital	2.075.285	1.859.355	1.694.311	1.292.500	1.058.479
Cash flows					
Investment in property, plant and equipment	255.466	358.013	246.555	143.309	180.029
Key ratios					
Gross margin	30,6	27,9	31,3	29,4	30,0
Operating margin	10,1	8,3	14,5	8,6	9,1
Return on invested capital	12,4	11,3	24,6	13,5	14,5
Equity ratio	65,8	71,9	69,0	75,8	81,3
Return on equity (ex minority interests)	10,5	7,8	18,0	9,1	8,0
Index for net revenue	157	154	166	119	100

Financial Highlights of the Group

The ratios stated in the list of key figures and ratios have been calculated as follows:

Invested capital:	$\frac{\text{Intangible fixed assets (ex goodwill) + tangible assets} + \text{inventories} + \text{receivables} + \text{other working current assets} - \text{trade payables} - \text{other provisions} - \text{other long and short term working liabilities}}{\text{Net revenue}}$
Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Net revenue}}$
Operating margin:	$\frac{\text{Operating profit} \times 100}{\text{Net revenue}}$
Return on invested capital:	$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$
Equity ratio:	$\frac{\text{Equity ex minorities, at year end} \times 100}{\text{Total equity and liabilities, at year end}}$
Return on equity (ex minorities):	$\frac{\text{Profit/loss after tax ex minorities} \times 100}{\text{Average equity ex minorities}}$

Management Commentary

Principal activities

Palsgaard is a global leader in plant-based emulsifiers and stabilizers for food, polymers, and personal care. The company's innovative solutions ensure quality and stability across applications in bakery, confectionery, dairy, ice cream, sustainable polymer additives, and personal care products.

Development in activities and financial and economic position

In 2024, Palsgaard Group continued its strategic transformation through the execution of the Focus 2027 Strategy, a long-term plan aimed at driving sustainable growth and operational excellence. The strategy includes strengthening global production capacity, increasing supply chain resilience, and expanding customer-centric R&D initiatives. Safety remains a top priority, with significant improvements made through the establishment of a dedicated EHS department. Despite our strong safety culture, lost time injuries remain a concern, and additional safety measures have been implemented to address this issue.

Customer value creation was another key focus area, leading to the expansion of our Indian application center to provide localized technical support and product customization. We also introduced new sustainable packaging solutions, addressing the growing demand for environmentally friendly materials. Innovation played a pivotal role in our progress, highlighted by the development of plant-based egg replacements, offering allergen-free and sustainable food alternatives.

Our commitment to employee well-being was recognized in January 2024 when Palsgaard A/S in Juelsminde was named "Workplace of the Year 2023" by the 3F trade union. This acknowledgment reflects our dedication to fostering a positive and inclusive work environment. To reinforce our focus on people and culture, we welcomed a new Director for People & Culture, emphasizing employee development and engagement. As part of this initiative, the executive management team has been expanded to include this new leadership role, further strengthening our focus on human capital and organizational culture.

Additionally, the company has made substantial progress in ESG integration, including the establishment of a dedicated ESG organization and the publication of a CSRD-aligned ESG report for Schou-Fondet Group, despite not being legally required to do so. Production capacity has also been significantly expanded in our manufacturing sites in Denmark and the Netherlands. Our digital transformation strategy saw the selection of Microsoft D365 as the new global ERP system, with the design phase completed in 2024 and the first implementations scheduled for 2025.

In 2024, Palsgaard Group delivered strong financial results, driven by successful execution of the Focus 2027 strategy and a return to full capacity utilization following the slowdown in late 2023. Customer demand remained solid throughout the year, and the usual seasonal downturn in the second half did not materialize. Instead, we delivered the highest quarterly customer volume in several years during Q4.

Net Working Capital remains at stable levels and is significantly lower than 18 months ago. To meet rising customer demand, we have continued to build up inventory levels. At the same time, dedicated efforts in receivables collection and supply chain efficiency have helped preserve a strong cash position.

The investment program to expand production capacity continued in 2024, with DKK 255 million invested in our facilities. Most investments were made in Denmark, while our site in the Netherlands also advanced in line with plan. These investments will continue in 2025, and once completed, the Group's total production capacity will be close to double the level of 2022.

Management Commentary

Profit for the year compared to future expectations

Key Financial Figures (DKK mio.)

		Actual 2024	Actual 2023
Profit Before Tax	Palsgaard A/S	202	147
	Palsgaard Group	227	164

As outlined in our 2023 Annual Report and the 2024 budget, we anticipated profit before tax for the Group in the range of DKK 150-200 million and for the company in the range of DKK 125-175 million. In 2024, profit before tax for Palsgaard Group rose significantly to DKK 227 million, up from DKK 164 million in 2023, while the company improved from DKK 147 million to DKK 202 million. Both the Group and the company exceeded expectations.

This financial performance was driven by full capacity utilization, a high level of customer satisfaction resulting from innovative and sustainable solutions, and the successful execution of the Focus 2027 Strategy. Management is pleased with these results and remains confident in the company's continued financial stability and growth.

Significant events after the end of the financial year

No significant events have occurred after the end of the financial year that would affect the annual report for 2024 for Palsgaard A/S and Palsgaard Group.

Management Commentary

Financial risk

The Group systematically and proactively manages risks to ensure long-term stability, growth, and value creation. Risk management is integrated into both strategic and operational processes, focusing on identifying, evaluating, and mitigating risks that could affect the company's financial performance, reputation, or achievement of strategic objectives.

Below key risks are actively managed through integrated operational and strategic planning:

- **Operating Risks:** Global demand trends and cost competitiveness remain key challenges.
- **Price Risks:** Exposure to global raw material prices is managed through procurement strategies.
- **Currency Risks:** Commercial exposures outside EUR/DKK are hedged, if it is a significant risk. Investment-related currency exposure is not hedged.
- **Interest Rate Risk:** Remains low due to strong cash flows and minimal debt.
- **IT and Cybersecurity:** The Group has implemented 24/7 monitoring, penetration testing, and external reviews, consistently achieving high-security scores.

Environmental situation

The daily operations are carried out with respect to the environment. We refer to our ESG Report (see link below) and to our policy both available on our website.

Link to ESG Report:

<https://www.palsgaard.com/en/esg/#ESGreporting>

Link to environment policy on website:

<https://assets.palsgaard.com/api/storage?filename=/media/media/2mgpptrj/the-environmental-policy-of-palsgaard.pdf>

Knowledge resources

The most important resource is the employees. The development of the business is dependent on an ongoing education of the employees and that the employees show dedication, flexibility and adaptability. The ambition is to have an ongoing development of employees through education, to support their dedication via information from the management, and to support the employees where adaptability is needed.

Research and development activities

Palsgaard A/S and the Palsgaard Group deliver food ingredients and special ingredients of food quality to many customers for use in a variety of product categories. We experience tough competition, and our customers expect that we can deliver new innovative products and solutions. Therefore, Palsgaard A/S has significant research and development within food ingredients as well as non-food products such as polymers and personal care ingredients. Our research and development efforts focus on several things:

- 1) To understand the functionality of Palsgaard ingredients in many applications
- 2) To find better and more sustainable solutions to produce our ingredients
- 3) To develop new and improved ingredients, typically with higher functionality
- 4) Tailoring existing or new ingredients for customers' new product launches
- 5) To compare our products with our competitors' products
- 6) To invent completely new ingredients for completely new applications

Research and development are carried out in Palsgaard's application laboratories or by Nexus A/S and the work is either performed by Palsgaard A/S and Nexus A/S or in conjunction with customers or universities.

IP-rights related to product innovations are secured via patents at the earliest possible stage.

Management Commentary

Future expectations

Looking ahead, Palsgaard Group anticipates sustained growth driven by strategic investments and evolving market trends. The Palsgaard Group expects continued expansion in the global food ingredients market, with emulsifiers remaining a key growth area. Sales volume is projected to increase low double digits, led by specialty emulsifiers, while profit is expected to be DKK 175-250 million for 2025. Additionally, the Danish production expansion is set to be completed, further increasing capacity.

As part of our commitment to sustainability and the green transition, the Schou Foundation is constructing a solar park, which will provide renewable energy for Palsgaard. This initiative aligns with our long-term goal of reducing carbon emissions and securing sustainable energy sources for our operations. Our commitment to sustainability will remain a focal point, with further CO2 reduction initiatives and an increased emphasis on renewable energy adoption.

As the company continues to drive innovation, enhance operational efficiency, and expand market reach, we remain confident in our ability to maintain a strong growth trajectory in 2025 and beyond.

Corporate social responsibility (CSR) report

As far back as 1908, and long before “corporate social responsibility” was conceptualized, Palsgaard’s founder Einar Viggo established a strong tradition for responsibility. For him, this meant looking after employees and their families, the local communities in which Palsgaard operates, and society in general. More than a century on, we remain fully committed to responsible business practices.

Starting this year, our sustainability reporting will cover Schou-Fondet and its subsidiaries.

The purpose of the report is to provide a balanced overview of the material sustainability impacts, risks and opportunities across all our business activities within Schou-Fondet. The primary focus is our main activity, which is plant-based food ingredients and polymer additives, but the report also covers additional relevant business units within the company.

This sustainability report has been prepared in accordance with disclosure requirements of the Danish Financial Statement Act, Section 99a. As per current legislation we will be subject to the EU Corporate Sustainability Reporting (CSRD) from FY25 onwards. In the year under review, we initiated preparations for alignment with CSRD. While not claiming full compliance, the 2024 report is a first step in our transition to CSRD. Reporting on sustainability data in CSRD is based on disclosure requirements defined by the European Sustainability Reporting Standards (ESRS), and we have aimed to adapt as much as possible to the foundation of the structure of the standards. We are aware of potential changes to the CSRD legislation with the effects from the “omnibus” proposal and will monitor this closely.

The report is available on our website:

<https://www.palsgaard.com/en/esg/#ESGreporting>

Management Commentary

Report of target figures and policies for the under-represented gender

Gender distribution within Management

2024

Number of members of the supreme management body	6
Under-represented gender, share in % of the supreme management body	33%
Number of people at other management levels	26
Under-represented gender, share in % at other management levels	31%

Target figures for the supreme management body

2024

Target figures in % for the supreme management body 40%

Status of meeting the target figures set for the supreme management body

Annually, the Board of Directors conducts a thorough review to assess the gender composition within our leadership ranks, ensuring alignment with our diversity objectives. As of the latest review, the gender diversity within the board of Palsgaard A/S stands at 40% female representation. This complies with the target of 40% minority representation.

Target figures for other management levels

2024

Target figures in % for the other management levels 33%
Year, in which the target figures are expected to be met 2027

Policy for other management levels

In 2024, our Executive Management at Palsgaard A/S comprised two women and four men, while other management levels the representation of 6 women and 14 men.

As we expand across different locations and functions, we recognize the vital role a diverse workforce plays in our success. Our global team is made up of individuals from various nationalities, genders, ethnicities, ages, and backgrounds. This diversity creates a dynamic environment where different perspectives come together to enhance customer experiences worldwide and is central to our focus on innovation and growth. Our overall ambition is that the colleagues in Palsgaard A/S reflect the general population in the societies in which we operate.

To underscore our commitment to diversity and inclusion, Palsgaard A/S has implemented policies aimed at ensuring equitable representation across all levels of our organization. Specifically, we prioritize gender diversity within our Executive Management Group and throughout our managerial ranks. We are strengthening our efforts to ensure that our recruitment practices actively seek and develop leadership talent from diverse backgrounds, with a particular focus on achieving gender parity. While we acknowledge that some functions currently have an imbalanced gender representation, we are committed to improving this balance in the future.

At the core of our approach is the principle of equal opportunity, where all applicants and employees, regardless of gender or background, are given fair and unbiased consideration for recruitment, career advancement, and leadership roles. Our policies ensure that gender diversity is a key factor in decision making when selecting from equally qualified candidates, though qualifications for the specific role will always take precedence over diversity considerations.

Management Commentary

Report of target figures and policies for the under-represented gender (continued)

Annually, the Board of Directors conducts a thorough review to assess the gender composition within our leadership ranks, ensuring alignment with our diversity objectives. As of the latest review, the gender diversity within the boards of Schou Foundation and Palsgaard A/S stands at 40% female representation. This complies with the target of 40% minority representation. In 2024, our global Executive Management at Palsgaard A/S comprised two women and four men, while other management levels the representation of 6 women and 14 men.

Moving forward, Palsgaard A/S remains steadfast in its commitment to fostering an inclusive environment where diversity is celebrated, and all voices are valued. We recognize that our collective strength lies in embracing the unique perspectives and talents of every individual within our organization.

Data ethics

Technologies such as artificial intelligence (AI), machine learning, and algorithms are used only to a very limited extent within the Palsgaard Group. Our business does not involve the sale of data to any third party. Palsgaard has established a data ethics policy to ensure responsible and transparent use of data across all business activities.

We process data in a responsible manner and in full compliance with applicable legislation, including the General Data Protection Regulation (GDPR). We do not collect or purchase personal data from social media or external sources, nor do we use individual behavior or purchase patterns for profiling or targeted marketing. Furthermore, we neither sell nor share data with third parties, and our data practices are firmly anchored in our ethical standards.

Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
Net revenue	1	2.344.623	2.312.524	1.690.192	1.677.676
Changes in inventories of finished goods and goods in process		122.411	-195.367	8.128	-85.406
Other operating income		12.245	24.702	8.014	11.055
Costs of raw materials and consumables		-1.489.641	-1.233.023	-1.048.792	-977.250
Other external expenses		-273.323	-263.607	-228.442	-220.706
Gross profit/loss		716.315	645.229	429.100	405.369
Staff costs	2	-414.399	-363.140	-274.941	-246.791
Depreciation, amortisation and impairment losses		-65.258	-79.665	-34.325	-44.159
Other operating expenses		-204	-9.581	0	-9.338
Operating profit		236.454	192.843	119.834	105.081
Result from investments in subsidiaries	3	0	0	100.387	59.004
Other financial income	4	25.778	18.222	7.532	5.100
Other financial expenses	5	-35.437	-47.355	-26.211	-22.263
Profit before tax		226.795	163.710	201.542	146.922
Tax on profit/loss for the year	6	-41.918	-36.902	-21.112	-20.798
Profit for the year	7	184.877	126.808	180.430	126.124

Balance Sheet at 31 December

		Group		Parent Company	
		2024	2023	2024	2023
Assets	Note	DKK '000	DKK '000	DKK '000	DKK '000
Development projects completed		11.989	17.879	11.988	17.879
Intangible fixed assets acquired		1.936	2.310	1.736	2.029
Goodwill		67.442	72.250	0	0
Intangible assets in progress and prepayments		47.421	14.513	47.421	14.513
Intangible assets	8	128.788	106.952	61.145	34.421
Land and buildings		515.213	357.254	304.740	160.594
Production plant and machinery		363.263	336.622	181.157	191.036
Other plants, machinery, tools and equipment		27.892	27.069	12.368	14.477
Tangible fixed assets in progress and prepayment		420.266	402.166	419.577	387.653
Property, plant and equipment	9	1.326.634	1.123.111	917.842	753.760
Investments in subsidiaries		0	0	804.380	741.079
Receivables from subsidiaries		0	0	137.757	72.688
Financial non-current assets	10	0	0	942.137	813.767
Non-current assets		1.455.422	1.230.063	1.921.124	1.601.948
Raw materials and consumables		188.731	264.780	94.298	121.113
Finished goods and goods for resale		367.714	242.303	141.721	133.593
Inventories		556.445	507.083	236.019	254.706
Trade receivables		369.001	387.117	176.811	182.574
Receivables from group enterprises		0	12	226.421	80.455
Other receivables		72.152	61.282	36.893	76.680
Prepayments and accrued income	11	14.915	11.661	14.270	10.358
Receivables		456.068	460.072	454.395	350.067
Cash and cash equivalents		208.206	142.345	22.227	71.723
Current assets		1.220.719	1.109.500	712.641	676.496
Assets		2.676.141	2.339.563	2.633.765	2.278.444

Balance Sheet at 31 December

		Group		Parent Company	
Equity and liabilities	Note	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
Share capital	12	50.000	50.000	50.000	50.000
Net revaluation under the equity method		0	0	53.150	6.008
Reserve for development costs		9.351	13.946	9.351	13.946
Other reserves		-52.171	-29.555	0	0
Retained earnings		1.753.144	1.568.119	1.647.823	1.532.556
Proposed dividend		0	80.000	0	80.000
Minority shareholders		23.130	25.072	0	0
Equity		1.783.454	1.707.582	1.760.324	1.682.510
Provision for deferred tax	13	36.963	28.487	31.149	27.087
Provisions		36.963	28.487	31.149	27.087
Bank loan		100.000	200.000	100.000	200.000
Non-current liabilities	14	100.000	200.000	100.000	200.000
Bank debt		420.706	131.950	420.650	151.458
Trade payables		193.965	148.805	150.634	129.751
Payables to group enterprises		21.637	5.495	102.128	25.438
Corporation tax		24.725	12.109	12.873	12.098
Other liabilities	15	94.691	105.135	56.007	50.102
Current liabilities		755.724	403.494	742.292	368.847
Liabilities		855.724	603.494	842.292	568.847
Equity and liabilities		2.676.141	2.339.563	2.633.765	2.278.444
Contingencies etc.	16				
Charges and securities	17				
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Equity

DKK '000	Group					Total
	Share capital	Other reserves	Retained earnings	Proposed dividend	Minority shareholders	
Equity at 1 January 2024	50.000	-15.609	1.568.119	80.000	25.072	1.707.582
Proposed profit allocation, see note 7			180.430		4.447	184.877
Transactions with owners						
Dividend paid				-80.000	-2.079	-82.079
Purchase of minority interests					-624	-624
Other legal bindings						
Other adjustments					-3.686	-3.686
Transfers						
Depreciations		-5.891	5.891			0
Foreign exchange adjustments						
Value adjustments in the year		-22.616				-22.616
Tax on changes in equity		1.296	-1.296			0
Equity at 31 December 2024	50.000	-42.820	1.753.144	0	23.130	1.783.454

DKK '000	Group		Total
	Reserve for development costs	Other reserves	
Equity at 1 January 2024	13.946	-29.555	-15.609
Transfers			
Depreciations	-5.891		-5.891
Change fair value reserves			
Value adjustments in the year		-22.616	-22.616
Tax on changes in equity	1.296		1.296
Equity at 31 December 2024	9.351	-52.171	-42.820

Equity

DKK '000	Parent Company					Total
	Share capital	Net revaluation under the equity method	Reserve for development costs	Retained earnings	Proposed dividend	
Equity at 1 January 2024	50.000	6.008	13.946	1.532.556	80.000	1.682.510
Proposed profit allocation, see note 7		100.387		80.043		180.430
Transactions with owners						
Dividend paid					-80.000	-80.000
Other legal bindings						
Net adjustment of hedging instruments		-22.616				-22.616
Transfers						
Depreciations			-5.891	5.891		0
Disposals/termination		-4.160		4.160		0
Receiv./decl. dividend		-26.469		26.469		0
Tax on changes in equity			1.296	-1.296		0
Equity at 31 December 2024	50.000	53.150	9.351	1.647.823	0	1.760.324

Cash Flow Statement 1 January - 31 December

	Group	
	2024 DKK '000	2023 DKK '000
Profit/loss for the year	184.877	126.808
Depreciation and amortisation, reversed	65.258	79.665
Reversed realization gains and losses	0	-5.756
Tax on profit/loss, reversed	41.918	36.902
Other adjustments	-3.686	2.154
Corporation tax paid	-20.827	-41.103
Change in inventories	-49.362	152.703
Change in receivables (ex tax)	1.552	78.798
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	53.311	-47.453
Other cash flows from operating activities	-22.616	-4.886
Cash flows from operating activity	250.425	377.832
Purchase of intangible assets	-35.151	-7.831
Sale of intangible fixed assets	0	16.870
Purchase of property, plant and equipment	-255.466	-369.211
Purchase of financial assets	-624	175
Cash flows from investing activity	-291.241	-359.997
Change in operating capital	188.756	9.916
Dividends paid in the financial year	-82.079	-688
Cash flows from financing activity	106.677	9.228
	65.861	27.063
Cash and cash equivalents at 1. januar	142.345	115.282
Cash and cash equivalents at 31 December31. december	208.206	142.345
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	208.206	142.345
Cash and cash equivalents	208.206	142.345

Notes

	Group		Parent Company	
	2024	2023	2024	2023
	DKK '000	DKK '000	DKK '000	DKK '000
1 Net revenue				
Segment details (geography)				
Americas	708.517	757.694	318.454	309.612
Asia	410.471	333.163	253.122	230.894
EMEA	1.225.635	1.221.667	1.118.616	1.137.170
	2.344.623	2.312.524	1.690.192	1.677.676
2 Staff costs				
Average number of full time employees	703	648	344	341
Wages and salaries	345.302	313.064	227.653	209.074
Pensions	43.626	35.998	40.497	34.364
Social security costs	25.471	14.078	6.791	3.353
	414.399	363.140	274.941	246.791
Remuneration of Board of Directors	14.811	14.499	14.811	14.499
Remuneration of Supervisory Board	3.566	4.430	3.566	4.430
	18.377	18.929	18.377	18.929
3 Result from investments in sub-sidiaries				
Income from investments in subsidiaries	0	0	100.387	59.004
	0	0	100.387	59.004
4 Other financial income				
Group enterprises	0	159	5.879	3.048
Other interest income	25.778	18.063	1.653	2.052
	25.778	18.222	7.532	5.100

In the year, both in The Group and Parent DKK ('000) 138 was recognized in relation to hedging under other interest income.

Notes

	Group		Parent Company	
	2024	2023	2024	2023
	DKK '000	DKK '000	DKK '000	DKK '000
5 Other financial expenses				
Group enterprises	0	483	3.570	596
Other interest expenses	35.437	46.872	22.641	21.667
	35.437	47.355	26.211	22.263

Last year, both in The Group and Parent DKK ('000) 681 was recognized in relation to hedging under other interest expenses.

6 Tax on profit/loss for the year				
Calculated tax on taxable income of the year	45.843	35.239	17.900	21.886
Adjustment of tax in previous years	-849	0	-850	0
Adjustment of deferred tax	-3.076	1.663	4.062	-1.088
	41.918	36.902	21.112	20.798

7 Proposed distribution of profit				
Proposed dividend for the year	0	80.000	0	80.000
Allocation to net revaluation under the equity method	0	0	100.387	59.004
Retained earnings	180.430	46.124	80.043	-12.880
Minority interests' share of subsidiaries' result	4.447	684	0	0
	184.877	126.808	180.430	126.124

Notes

8 | Intangible assets

DKK '000	Group	
	Development projects completed	Intangible fixed assets acquired
Cost at 1 January 2024	31.335	3.786
Exchange adjustment	0	-131
Additions	0	3
Cost at 31 December 2024	31.335	3.658
Amortisation at 1 January 2024	13.456	1.476
Exchange adjustment	0	-86
Amortisation of the year	5.890	332
Amortisation at 31 December 2024	19.346	1.722
Carrying amount at 31 December 2024	11.989	1.936

DKK '000	Group	
	Goodwill	Intangible assets in progress and prepayments
Cost at 1 January 2024	141.505	14.513
Additions	2.285	32.908
Cost at 31 December 2024	143.790	47.421
Amortisation at 1 January 2024	69.255	0
Amortisation of the year	7.093	0
Amortisation at 31 December 2024	76.348	0
Carrying amount at 31 December 2024	67.442	47.421

The Group's development costs relate to the development of new products for technical use and the food industry.

DKK '000	Parent Company		
	Development projects completed	Intangible fixed assets acquired	Intangible assets in progress and prepayments
Cost at 1 January 2024	31.329	2.924	14.513
Additions	0	0	32.908
Cost at 31 December 2024	31.329	2.924	47.421
Amortisation at 1 January 2024	13.450	895	0
Amortisation of the year	5.891	293	0
Amortisation at 31 December 2024	19.341	1.188	0
Carrying amount at 31 December 2024	11.988	1.736	47.421

The company's development costs relate to the development of new products for technical use and the food industry.

Notes

9 | Property, plant and equipment

DKK '000	Group	
	Land and buildings	Production plant and machinery
Cost at 1 January 2024	469.133	778.811
Exchange adjustment	-8.032	9.747
Transferred	148.373	5.696
Additions	23.670	50.778
Disposals	-8.275	-10.200
Cost at 31 December 2024	624.869	834.832
Depreciation and impairment losses at 1 January 2024	97.363	442.189
Exchange adjustment	-554	8.138
Reversal of depreciation of assets disposed of	7	-9.760
Depreciation for the year	12.840	31.002
Depreciation and impairment losses at 31 December 2024	109.656	471.569
Carrying amount at 31 December 2024	515.213	363.263

DKK '000	Group	
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2024	65.427	387.653
Exchange adjustment	-2.590	0
Transferred	1.933	-156.002
Additions	10.231	188.615
Disposals	-2.282	0
Cost at 31 December 2024	72.719	420.266
Depreciation and impairment losses at 1 January 2024	38.358	0
Exchange adjustment	-162	
Reversal of depreciation of assets disposed of	-1.470	
Depreciation for the year	8.101	
Depreciation and impairment losses at 31 December 2024	44.827	0
Carrying amount at 31 December 2024	27.892	420.266

Notes

9 | Property, plant and equipment (continued)

DKK '000	Parent Company	
	Land and buildings	Production plant and machinery
Cost at 1 January 2024	207.886	455.227
Transferred	148.373	5.696
Additions	1.412	2.827
Cost at 31 December 2024	357.671	463.750
Depreciation and impairment losses at 1 January 2024	47.292	264.191
Depreciation for the year	5.639	18.402
Depreciation and impairment losses at 31 December 2024	52.931	282.593
Carrying amount at 31 December 2024	304.740	181.157

DKK '000	Parent Company	
	Other plants, machinery, tools and equipment	Tangible fixed assets in progress and prepayment
Cost at 1 January 2024	38.210	387.653
Transferred	1.933	-156.002
Additions	159	187.926
Disposals	-829	0
Cost at 31 December 2024	39.473	419.577
Depreciation and impairment losses at 1 January 2024	23.733	0
Reversal of depreciation of assets disposed of	-728	
Depreciation for the year	4.100	
Depreciation and impairment losses at 31 December 2024	27.105	0
Carrying amount at 31 December 2024	12.368	419.577

Notes

10 | Financial non-current assets

DKK '000	Parent Company	
	Investments in subsidiaries	Receivables from subsidiaries
Cost at 1 January 2024	735.071	72.688
Additions	16.162	65.069
Cost at 31 December 2024	751.233	137.757
Revaluation at 1 January 2024	75.113	0
Exchange adjustment	-22.616	0
Dividend	-26.469	0
Profit/loss for the year	96.224	0
Revaluation at 31 December 2024	122.252	0
Impairment losses and amortisation of goodwill at 1 January 2024	69.105	0
Carrying amount at 31 December 2024	804.380	137.757

Investments in subsidiaries

Name and domicil	Ownership
Palsgaard Great Britain Ltd., England	100 %
Palsgaard Netherlands B.V., Holland	100 %
Palsgaard Malaysia SDN. BHD, Malaysia	100 %
Palsgaard Inc., USA	100 %
Palsgaard Additive China Ltd., China	100 %
Palsgaard Verwaltungsgesellschaft m.b.H., Germany	100 %
Palsgaard Verkaufsgesellschaft m.b.H. & Co. KG, Germany	100 %
Palsgaard France Sas, France	100 %
Palsgaard Manufacturing, S. de R.L. de C.V., Mexico	95 %
Palsgaard Polska Sp. Z o. o., Poland	100 %
Palsgaard "R" LLC, Russia	100 %
Palsgaard Asia-Pasific Pte. Ltd., Singapore	100 %
Palsgaard Industri de Mexico S. de R.L. de C.V., Mexico	90 %
Palsgaard do Brasil Ltda., Brazil	100 %
Palsgaard South Africa Pt. Ltd., South Africa	100 %
Palsgaard Candon S/A, Brazil	100 %
Palsgaard Kenya Limited, Kenya	100 %
Palsgaard Gida Sanayi ve Dis Ticaret A.S., Turkey	100 %
Palsgaard Nigeria, Nigeria	100 %
Palsgaard India, India	99 %

	Group		Parent Company	
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
Costs	14.915	11.661	14.270	10.358
	14.915	11.661	14.270	10.358

11 | Prepayments and accrued income

Notes

	2024 DKK '000	2023 DKK '000
12 Share capital		
Allocation of Share capital:		
Shares, 50.000 unit in the denomination of 1.000 DKK	50.000	50.000
	50.000	50.000

13 | Provision for deferred tax

Provision for deferred tax comprises deferred tax on inventory and intangible and tangible fixed assets.

	Group		Parent Company	
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
Deferred tax, beginning of year	28.487	29.628	27.087	28.175
Deferred tax of the year, income statement and equity	8.476	-1.141	4.062	-1.088
Provision for deferred tax 31 December 2024	36.963	28.487	31.149	27.087

14 | Long-term liabilities

	Group			
DKK '000	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Bank loan	300.000	200.000	0	200.000
	300.000	200.000	0	200.000

	Parent Company			
DKK '000	31/12 2024 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2023 total liabilities
Bank loan	300.000	200.000	0	200.000
	300.000	200.000	0	200.000

Notes

15 | Other liabilities

The Group uses forward exchange contracts to hedge the Group's recognised and non-recognised transactions.

The group has entered into forward exchange contracts at 31 December 2024 to hedge future purchases of USD and ZAR totaling to 138 DKK ('000).

USD -111 DKK ('000)

ZAR -27 DKK ('000)

The fair value of forward exchange contracts relating to hedging of future purchases and sales in foreign currencies is included in the item "Other liabilities" 31 December 2024 DKK ('000) 138 and "Other receivables" 31 December 2023 DKK ('000) 681.

Counterparties to all derivative contracts are banks with high credit rating which means counterparty risk is deemed low.

16 | Contingencies etc.

Contingent liabilities

The Group has entered into operating lease agreements with an average annual lease payment of DKK ('000) 2.809.

The lease agreements have a total residual lease payment of DKK ('000) 6.407. The remaining period of the lease agreements is 0-4 years.

Joint liabilities

The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.

Tax payable on the Group's joint taxable income is stated in the annual report of Palsgaard Gods A/S, which serves as management Company for the joint taxation.

17 | Charges and securities

Owner's mortgages are registered of an amount of DKK ('000) 40.731 and letters of indemnity of DKK ('000) 10.000 on the Group's land and buildings. The owner's mortgage letters and indemnity letters are their own depository.

Notes

18 | Related parties

The company's related parties include the following:

Determining influence

Palsgaard Gods A/S as sole owner.

Other Related parties having performed transactions with the company

The company's related parties having a significant influence comprise subsidiaries as well as the companies' Board of Directors, Board of Executives and executive officers and their relatives. Related parties include also companies in which the above mentioned group of persons has material interests.

Transactions with related parties

The company did not carry out any material transactions that were not concluded on market conditions. According to ÅRL § 98c, sec. 7 only transactions that were not concluded on market conditions will be disclosed.

19 | Consolidated Financial Statements

The Company is included in the consolidated financial statements of the ultimate parent, Schou-Fondet, Palsgaardvej 10, 7130 Juelsminde.

Accounting Policies

The Annual Report of Palsgaard A/S for 2024 has been presented in accordance with the provisions of the Danish large-size Financial Statements Act for enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year, except for the following changes.

Consolidated Financial Statements

The consolidated financial statements include the parent company Palsgaard A/S and its subsidiaries in which Palsgaard A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence.

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Newly acquired or established enterprises are recognised in the Consolidated Financial Statements from the date of acquisition. Sold or wound up enterprises are recognised in the Consolidated Income Statement up to the date of disposal. Comparative figures are not adjusted for newly acquired, sold or wound up enterprises.

Acquired enterprises are recognised in the Consolidated Financial Statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Upon calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipment.

Transaction costs, incurred in connection with acquisition of enterprises, are recognised in the Income Statement in the year in which the costs are incurred.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Positive differences between acquisition value and market value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill and amortised systematically in the income statement under an individual assessment of the useful life.

Minority interests

The accounting items of the subsidiaries are recognised in full in the consolidated financial statements. The minority interests' proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and in individual main items under equity.

Accounting Policies

Income Statement

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Costs of raw materials and consumables

Raw materials and consumables comprises the costs of raw materials and consumables used to reach the revenue for the year. Additionally, decrease or increase of inventories of raw materials and consumables for the year is included, as well as normal impairment of inventories of raw materials and consumables.

Changes in inventories of finished goods and goods in process

Changes in inventories of finished goods and goods in process comprise decrease or increase of inventories for the year as a result of costs of raw materials and consumables as well as staff costs. Additionally, normal impairment of inventories of finished goods is included.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Other operating expenses

Other operating expenses include items of a secondary nature in relation to the enterprises' principal activities, including loss from sale of intangible and tangible fixed assets.

Income from investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

Accounting Policies

Balance Sheet

Intangible assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 20 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 10 years.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the group's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

The amortisation period is estimated based on the activities of which the intangible assets are related to and are estimated based on the expected useful life.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Property, plant and equipment

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Buildings	33-50 years	0 %
Production plant and machinery	5-20 years	0 %
Other plants, fixtures and equipment	3-10 years	0 %

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Financial non-current assets

Investments in subsidiaries are measured in the company's balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill.

Accounting Policies

Acquired enterprises are recognised in the consolidated financial statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. At calculation of the fair value of properties used in the business a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, built on an overall assessment of the production equipments.

Net revaluation of investments in subsidiaries is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down by the company's share of the negative equity to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the company's has a legal or actual liability to cover the subsidiaries deficit.

Impairment of non-current assets

The carrying amount of intangible assets and Property, plant and equipment together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the average cost method. If the net realisable value is lower than cost, it is written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by impairment to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents

Cash and cash equivalents include cash bank deposits.

Accounting Policies

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities usually corresponds to nominal value.

Derivative financial instruments

The initial recognition measures derivative financial instruments in the balance sheet at cost price and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in receivables and liabilities, respectively.

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of the fair value of a recognised asset or a recognised liability is recognised in the income statement together with possible changes in the fair value of the hedged asset or the hedged liability.

As regards possible derivative financial instruments, which do not comply with the criteria for classification as hedging instruments, any changes in fair value are recognised on a current basis in the Income Statement.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

Exchange adjustment of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in the equity.

Accounting Policies

Cash Flow Statement

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include cash in hand.