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FMH ApS

Frydenlund Park 7, 2950 Vedbæk

Company reg. no. 10 14 14 27

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 26 April 2022.

Ole Munksgaard Hansen
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's statement

Today, the managing director has presented the annual report of FMH ApS for the financial year 1 January - 31 December 2021.

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

I consider the accounting policies appropriate and, in my opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2021, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January – 31 December 2021.

I am of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Vedbæk, 26 April 2022

Managing Director

Ole Munksgaard Hansen

Independent auditor's report

To the Shareholders of FMH ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of FMH ApS for the financial year 1 January to 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2021 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 (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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 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.

Independent auditor's report

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 parent company financial statements.

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

- Identify and assess the risks of material misstatement of the 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 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 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 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.

Independent auditor's report

- 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.

Statement on Management’s Review

Management is responsible for Management’s Review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover Management’s Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read Management’s Review and, in doing so, consider whether Management’s Review 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’s Review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 26 April 2022

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Jan Tønnesen State Authorised Public Accountant mne9459	Allan Breiling State Authorised Public Accountant mne35809

Company information

The company	FMH ApS Frydenlund Park 7 2950 Vedbæk	
	Company reg. no.	10 14 14 27
	Financial year:	1 January - 31 December
Managing Director	Ole Munksgaard Hansen	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Subsidiary	MCM International A/S, Gentofte	

Consolidated financial highlights

DKK in thousands.	2021	2020	2019	2018	2017
Income statement:					
Revenue	1.310.524	1.204.521	1.419.736	1.335.949	1.201.892
Gross profit	64.586	46.621	13.249	-3.847	7.580
Profit from operating activities	25.452	6.661	-1.426	-3.847	7.580
Net financials	2.290	661	-1.426	-2.929	-2.735
Net profit or loss for the year	22.703	5.482	9.095	-6.594	4.438
Statement of financial position:					
Balance sheet total	270.353	266.401	304.613	318.596	285.941
Equity	107.229	83.067	77.377	67.619	67.594
Cash flows:					
Operating activities	34.349	9.598	27.309	-14.743	-26.431
Investing activities	890	-814	-1	-2.057	-2.172
Financing activities	-34.025	-8.953	-27.267	15.368	28.131
Total cash flows	1.215	-168	41	-1.432	-472
Employees:					
Average number of full-time employees	50	56	58	56	56
Key figures in %:					
Profit margin (EBIT-margin)	1,9	0,6	0,9	-0,3	0,6
Solvency ratio	23,1	18,1	25,4	21,2	23,6
Return on equity	24,3	13,5	12,5	-9,8	6,9

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Profit margin (EBIT margin) $\dfrac{\text{Operating profit or loss (EBIT) x 100}}{\text{Revenue}}$

Solvency ratio $\dfrac{\text{Equity less non-controlling interests, closing balance x 100}}{\text{Total assets, closing balance}}$

Return on equity $\dfrac{\text{*Profit x 100}}{\text{Average equity exclusive of non-controlling interests}}$

***Profit** Net profit or loss for the year less non-controlling interests' share hereof

Management´s review

The principal activities of the group

FMH ApS operates as a holding company for the sub-group 'BPI A/S'. Key activities in the group relates to global trading of foodstuffs under own brands as well as private labels.

Unusual circumstances

This year, the activity has been affected by the lockdown of Denmark but it has not been possible for the management to calculate the amount affected. Further, the group's assets, liabilities and financial position at 31 December 2021 and the results of the group's activities and cash flows for 2021 are not affected by unusual circumstances.

Uncertainties about recognition or measurement

In the past financial year 2021, there have been no events or otherwise unusual circumstances that have affected the recognition or measurement of the company's activities.

Development in activities and financial matters

The consolidated income statement for the group shows an EBIT of DKK 25.580.458 and a profit of DKK 22.909.488. The group's balance sheet at 31 December 2021 shows equity of DKK 111.500.609 and a solvency ratio of 41,1%. Management considers the net profit or loss for the year satisfactory.

Significant events during the year

Foreign sales account for more than 80%, within expectations and this share is expected to be maintained in the future.

The implications of Covid-19 with many governments across the world deciding to ”lock down their countries” from time to time had great impact on the global economy.
As the demand for the majority of the company’s products are unaffected or nearly unaffected by the outbreak of Covid-19, the outbreak has only smaller impact, and is not expected to have, any significant impact on the company for the future.

2021 was extremely volatile on proteins with Q1 being with very high activity, which pushed prices up in our key markets. Especially bi- products went up quickly from a low in Q2 2020, which continued at a high level of activity until Q3 2021. The same experience on beef production meat and to some extend poultry. Some items went up by 60-80% in the period (Q2 2020-Q3 2021). In the end of Q2 2021, China as the big player in the market stopped procurement due to ASF, birdflu and Covid-19 related issues. Not only in China, but worldwide we suddenly faced higher stocks of poultry and pork. It pushed the general demand lower and with a relatively high supply the prices went under pressure in Q3 and Q4 2021. Especially pork suffered in the end of 2021 with bi-product prices at levels we have not seen for +20 years. It was a complicated situation as the prices were going down rapidly, but at the same time factors such as lock downs, lack of labor, logistic challenges, higher energy prices etc. all led to higher production costs and a supply chain which suffered. Despite the challenges in the industry, the major production countries, as USA, Brazil, and China are all rumored to increase production in 2022. This is making the development and forecast for 2022 uncertain, but the imbalance in supply/demand is expected to run through 2022 with a possibility to stabilize in Q3.

Management´s review

In addition to Covid-19 African Swine Fever (ASF) and bird flu, freight rates, and lack of containers were the absolute biggest challengs in 2021. BPI's business is global based on trade in more than 100 different countries. We buy and sell products from the Far East to Africa and the Middle East, but also a lot to Europe from the Far East. In the same way, we also export many products from Europe to for example the Far East. Thus, we help to ensure that all containers are filled both ways to the great benefit of the climate. There has been a great shortage of containers with constantly increasing demand. This has led to price increases of several hundred percent. Eg. a refrigerated container from the Far East to Europe in 2018/2019 typically had a cost of 1500-2000 USD. This price rose in some periods from 2021 to 12.000 USD. As BPI sells goods corresponding to more than 5000 containers per year, freight thus constitutes a very large share of BPI's sales costs as well as the prices of the goods. Since BPI trades back to back, it will usually be included in the trade, and thus BPI can keep its normal gross margin. But challenges have at times been that the rising demand has made it difficult to book containers at all, even at the high prices. It has been a great strength, and proved the importance of the fact that we at BPI have always had our own shipping departments. This applies to both our milk and meat business. The great focus we have in this area in our strategy has in 2021 proved its strength. Our shipping departments have had some strong partners that we have booked through for many years. This stability has been important as many have simply changed shipping companies and freight forwarders based on the lowest price, where we have worked with the same partners for many years. This has meant that BPI has strengthened our competitiveness in relation to many of our competitors who have not had the same focus and strategy in the field of transport. At BPI, we are proud that we have delivered by far the most to our customers on time. We are aware that service sometimes comes at a price, but we believe that this strengthens our legitimacy in all our business areas. We see the trend from 2021 continue throughout 2022 and we want to maintain and strengthen our focus on our entire logistics and transportation in 2022 and beyond.

Challenging year in dairy division

2021 has been a very challenging year for the dairy division. Product availability has been rather limited from our usual suppliers due to lower milk output and following noncompetitive prices. However, this has had the positive effect that we have developed business relationships with new suppliers from other origins. The development of new suppliers has had the positive effect that we have been able to spread our risk, and no longer being so dependent on certain origins and suppliers. On the customer side we have been facing big challenges with the large increases in freight rates and lack of availability, to especially our main markets in Middle East and Africa. We have seen freight rates being multiplied fivefold on some of our main markets, which simply have caused some of our customers not being able to buy. The fact that we over many years have been able to develop our Cow Pow brand has helped us very much in these times. We have been able to develop new large customers on other markets, especially in Asia, again leading to a larger spread of our business.

New activities, investments, and consolidation

2021 was not characterized by major new activities or investments. On the other hand, we consolidated the current business areas and prepared the company for profitable growth.

The group continues to make due diligences on investments in representation internationally, securing our global presence.

Furthermore, BPI A/S has continued investing in related product to our new ERP system in order to better control our goods and costs.

Management´s review

Financial risks and the use of financial instruments

Interest rate risks

The group's interest bearing debt primarily consists of mortgage loans and debt to credit institutions with a variable interest rate. Consequently, the group is exposed to interest rate fluctuations

Credit risks

The group remains relatively independent from individual customers due to heavy diversification. Debtors are for a large part credit insured to minimize losses. Debtors who cannot be insured have to prepay or issue a letter of credit. They can alternatively agree to "cash against documents" terms.

Currency risks

Currency risk is hedged daily via forward transactions.

Environmental issues

We will continuously work to reduce our environmental and climate impact. This primarily relates to our own activities when transporting products to our customers, but also includes travelling and maintenance of our own buildings. In dialogue with our customers and clients, we will aim to improve performance in our supply chain by providing advice when relevant and possible and by this reduce the risk according to the environment.

Policies

BPI works to buy our products where they are produced most CO2 neutral. For example, chicken is an Asian jungle bird that thrives on local temperatures in Asia and South America. In Scandinavia, huge CO2 resources are required for local production of special chickens as much as the feed is imported and the production of chicken in Scandinavia requires heating to 35 degrees celcius inside the farm buildings.

Action/effort

As a trading company, BPI does not directly have an environmental impact from production or similar activities. As mentioned, our impact is related to transport, where we do not have the direct influence on the environmental impact.

Indirectly our environmental impact started decreasing in bigger scale from 1 January 2020, when all containerships were forced to change from heavy fuel to light fuel or mounting of scrubbers if continued use of heavy fuel. This will still increase in reducing the direct impact on the environment from this transport. This international initiative is also expected to replace old ships with new and more fuel efficient vessels.

In 2019, our investment in public heating in our head office was fully implemented and in 2020, we invested in heat pumps, which now cover approximately 50% of our heat needs.

Results

Our environmental impact decreased in 2019 related to:

- Many vessels have changed fuel in second part of 2019
- Full year with using public heating of our head office
- In 2020 implementation of environmentally friendly heat pumps

Management´s review

Expected developments

Revenue in 2022 is expected to be a few percent higher than in 2021, and the group EBIT in 2022 is expected to be in the level of DKK 20-23 million. Operations in the first quarter of 2022 show larger growth in both revenue and profit than expected. At the end of 2021, the liquidity situation was very favorable for BPI. We utilized less than 25% of our credit line in Jyske Bank, and we remain in a very favorable situation in this area.

Subsequent events

From the balance sheet date and until today, no events have occurred that disrupts the assessment of the annual report.

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

BPI A/S follows the UN's ten guiding principles for Global Compact, which constitutes the foundation for the company's Code of Conduct. Our Code of Conduct (http://bpi.nu/csr/) makes sure we live up to our responsibility internally and also to secure that our suppliers live up to and follow the principles in our Code of Conduct. The Code of Conduct describes the company's values and approach to corporate social responsibility within the areas of environment/climate, human rights, social relations, and animal welfare.

As a concrete measure, BPI in 2017 and continuing, collaborated with the Danish Animal Protection Organization to have our lambs from Chile approved as the first supplier outside of the EU. This helps us explain our values in a concrete way to our customers. This gives us the status as a high quality supplier to supermarket chains and in food service businesses.

Business model and engagement

BPI is an international trading house with representation in several countries worldwide.

BPI imports chicken products from South America and Asia, which are sold in Europe and Scandinavia. These products are sold to industry, catering, and retail in our own brands as well as under private label. Similarly, milk powder, pork and beef products are sold to customers in Asia, the Middle East and Africa.

Social issues and employee issues

Policies

We want to be an attractive and preferred place of work both to current and future employees. We will ensure equal opportunity and a diverse workforce through the way we hire. Employee health and safety is a prerequisite for how we do business, both within our own company and within the companies we cooperate with. We are constantly monitoring that employee turnover does not increase. The risk of this increases if we for example are not careful about the working environment.

Management´s review

Action taken

It's our ambition that all employees shall maintain the opportunity to advance on an equal basis in the organization regardless of gender or ethnicity; we pursue this goal by formulating our job ads so that they are accessible broadly. It has been possible, therefore, to hire competent employees from very different backgrounds.

The APV Committee has held the scheduled meetings. We also follow the sick leave.

Results

Those efforts is an ongoing process and we still get closer to our goals according to a more equal representation of both genders in leading positions in BPI A/S, without compromising qualifications.

There have been no work injuries so far.

Human rights

Policies

In support of human rights and living conditions in general in the countries where our suppliers are situated, we will continue to engage in social projects that will improve and develop the local areas where we operate.

In the medium and long term, compliance with human rights will increase our international opportunities and make it possible to engage with most of the world's buyers and suppliers in the international food industry, which maintain a similar focus.

We are aware that we also have a responsibility in the meantime, where we are constantly on guard against the risk of contributing to the violation of human rights.

Action taken

We therefore in 2022 again visit our suppliers on a number of occasions and state that their compliance with basic human rights matters to our cooperation and that this also will be important for BPI in 2022.

BPI is a member of Sedex, who helps us to increase regarding human rights according to labour standards, health and safety, the environment, business ethics.

BPI has supported the NGO “Save the Children” in order to help raising the living standards and respect for human rights in the countries where we operate, such as in the Middle East and Asia.

BPI works together with NGO Animal Welfare in Denmark and we brand our lambs with the official animal welfare logo. We also work together with the international animal welfare organization ANIMA – in order to produce our chicken under the animal welfare rules called ECC standard.

Results

During the conversations with our suppliers, we feel that they are moving in a positive direction with respect to human rights, but it is not an area where BPI can monitor the development by using KPIs.

Management´s review

Anti corruption and bribery

Policies

BPI has a zero tolerance to all types of corruption, facility payments, and anti competitive behaviour.

We continuously assess the risk of violating local law in the countries in which we operate, in the same way that we assess the risk of violating our own standards.

Action taken

We have reviewed all agreements with a view to identifying whether agreements and transactions may be subject to the risk of bribery and corruption.

Results

The above review of agreements did not result in any agreements or transactions being detected which were found to be covered by terms such as bribery or corruption.

Report on gender composition in management according to the Danish Financial Statements Act, Section 99b

Over the last years, BPI A/S had the goal to have 20% females in the board of directors, which we reached in 2021.

BPI's gender policy on other management levels is revised on an ongoing basis. The overall aim is to secure a gender composition that represents both genders. In 2018, equal distribution of the genders was achieved on other management levels and is still maintained.

Report on the company’s policy on data ethics according to the Danish Financial Statements Act, Section 99d

The company’s activities and business model does not include data processing to an extent where the management finds it necessary to establish a policy. The company does not process data and likewise does not use algorithms for data analysis and thus, this is not an integrated part of the company’s strategy and business model.

Accounting policies

The annual report for FMH ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Accounting policies

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

For derived financial statements that are no longer recognised as hedging instruments, changes in fair value are recognised in the income statement on a current basis.

The consolidated financial statements

The consolidated income statements comprise the parent company FMH ApS and those group enterprises of which FMH ApS directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Non-controlling interests

Non-controlling interests constitute a share of the group's total equity. By distribution of net profit, profit or loss for the year is distributed on the share attributable to the non-controlling interests and the share attributable to the parent's shareholders respectively.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of sales

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Accounting policies

Other external costs

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from investments in subsidiaries and participating interest

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual subsidiaries are recognised in the income statement of the parent as a proportional share of the subsidiaries' post-tax profit or loss.

After full elimination of intercompany profit or loss less amortised of consolidated goodwill, the equity investment in the individual participating interests are recognised in the income statement of both the group and the parent as a proportional share of the participating interest' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies

Statement of financial position

Intangible assets

Development projects, patents, and licences

Goodwill, patents and licences

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised over the estimated useful life, which is determined on the basis of management's experience in the individual business areas. Goodwill is amortised on a straightline basis over the amortisation period, which is set at between 5 and 20 years. The amortisation period is determined on the basis of an expected pay-back period, being the longer for strategical acquirees with a strong market position and an expected longterm earnings profile.

Patents and licences are measured at the lower cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exeeding 20 years.

Property, plant, and equipment

Land and buildings

On acquisition assets are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed assets comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and supsuppliers up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of assets are recognised in cost over the construction period.

After the initial recognition land and buildings are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Estimated useful lives of buildings are estimated at 20-50 years.

The estimated useful lives and residual value of buildings, DKK 20.4 million, are reassed annually.

Fair value is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

Accounting policies

The fair value of assets has been determined at year end for each property by using a yield-based model under which the expected future cash flows for the coming year combined with a rate of return form the basis of the fair value of the property. The calculations are based on property budgets for the coming years. The budget takes into account developments in rentals, vacancies, operating expenses, maintenance and administration, etc. The budgeted cash flow is divided by the estimated rate of return to arrive at the fair value of the properties.

The fair value of assets has been assessed by the independent assessor firm 'Nordicals' at 31 December 2021.

The estimates applied are based on historical information and assumptions considered reasonable by Management but which are inherently uncertain and unpredictable. Actual events or circumstances will probably differ from the assumptions made in the calculations as often assumed events do not occur as expected. Such difference may be material.

Other fixed assets
Other fixed assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

	Useful life
Leasehold improvements	3-10 years
Other fixtures and fittings, tools and equipment	3-8 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Impairment of fixed assets
The carrying amounts of intangible assets and proberty, plant and equipment are reviewed on an annul basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the assets is written down to its lower recoverable amount.

Accounting policies

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries og participating interest are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Investments in subsidiaries and participating interest

Investments in subsidiaries and participating interest are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries and participating interest are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Accounting policies

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in subsidiaries and participating interest but are not represented in the parent, the following accounting policies have been applied.

Investments in subsidiaries and participating interest with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries and participating interest transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries and participating interest.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expensen. the net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of finished goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company’s experience from previous years.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Accounting policies

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Revaluation reserve

Revaluations of property less deferred tax are recognised under the revaluation reserve. The reserve is reduced when the value of revalued property is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued carrying amount of the property and depreciation based on the original cost of the property.

The reserve is partly or totally dissolved on the sale of the property and reduced as a result of impairment loss on property.

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Income tax and deferred tax

As administration company, FMH ApS is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

Accounting policies

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Accounting policies

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

The cash flow statement cannot be immediately derived from the published financial records.

Segmental statement

Information on business segments and geographical segments based on the groups risks and returns and its internal financial income and expenses in the income statement.

Assets in the segment comprise the assets used directly in the segment's revenue-generating activity.

Income statement 1 January - 31 December

All amounts in DKK.

		Group		Parent	
Note		2021	2020	2021	2020
3	Revenue	1.310.523.736	1.204.520.692	0	0
	Other operating income	242.105	2.680.493	0	0
	Costs of raw materials and consumables	-1.221.805.152	-1.141.890.084	0	0
	Other external expenses	-24.374.477	-18.690.140	-12.500	-12.500
	Gross profit	**64.586.212**	**46.620.961**	**-12.500**	**-12.500**
5	Staff costs	-35.336.562	-36.818.640	0	0
	Impairment of current assets exceeding usual impairment	-3.797.435	-3.140.588	0	0
	Other operating expenses	-112	-387	0	0
	Operating profit	**25.452.103**	**6.661.346**	**-12.500**	**-12.500**
	Income from investments in subsidiaries	0	0	13.450.234	3.267.302
	Income from investments in associates	4.132.339	2.845.448	0	0
	Other financial income from subsidiaries	-24.388	0	0	0
6	Other financial income	172.985	166.564	0	0
7	Other financial expenses	-1.991.379	-2.351.309	-1.606	-2.325
	Pre-tax net profit or loss	**27.741.660**	**7.322.049**	**13.436.128**	**3.252.477**
8	Tax on net profit or loss for the year	-5.038.934	-1.839.573	3.103	3.437
9	**Net profit or loss for the year**	**22.702.726**	**5.482.476**	**13.439.231**	**3.255.914**
	Break-down of the consolidated profit or loss:				
	Shareholders in FMH ApS	13.439.231	3.255.913		
	Non-controlling interests	9.263.495	2.226.563		
		22.702.726	**5.482.476**		

Balance sheet at 31 December

All amounts in DKK.

Assets

Note		Group 2021	Group 2020	Parent 2021	Parent 2020
	Non-current assets				
10	Acquired patents	18.126.683	19.487.794	0	0
11	Goodwill	629.313	663.584	0	0
	Total intangible assets	18.755.996	20.151.378	0	0
12	Property	40.599.996	40.218.718	0	0
13	Other fixtures and fittings, tools and equipment	1.189.481	2.006.844	0	0
	Total property, plant, and equipment	41.789.477	42.225.562	0	0
14	Investments in subsidiaries	0	0	62.872.714	48.529.733
15	Investments in participating interests	9.398.562	5.994.876	400	43.108
	Total investments	9.398.562	5.994.876	62.873.114	48.572.841
	Total non-current assets	**69.944.035**	**68.371.816**	**62.873.114**	**48.572.841**
	Current assets				
	Raw materials and consumables	52.319.826	63.550.870	0	0
	Total inventories	52.319.826	63.550.870	0	0
	Trade receivables	141.910.762	128.406.299	0	0
	Receivables from participating interest	46.875	23.103	0	0
	Income tax receivables	3.103	3.262	3.103	3.262
	Other receivables	4.718.366	5.764.899	0	0
16	Prepayments	0	85.262	0	0
	Total receivables	146.679.106	134.282.825	3.103	3.262
	Cash and cash equivalents	1.410.302	195.798	21.214	4.500
	Total current assets	**200.409.234**	**198.029.493**	**24.317**	**7.762**
	Total assets	**270.353.269**	**266.401.309**	**62.897.431**	**48.580.603**

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2021	Group 2020	Parent 2021	Parent 2020
	Equity				
	Contributed capital	125.000	125.000	125.000	125.000
	Revaluation reserve	12.924.821	11.962.298	0	0
	Reserve for net revaluation according to the equity method	8.880.020	6.421.278	62.453.322	48.110.341
	Reserve for foreign currency translation	-232.891	-139.472	0	0
	Retained earnings	40.747.713	29.767.970	-133.659	-98.267
	Equity before non-controlling interest.	62.444.663	48.137.074	62.444.663	48.137.074
	Non-controlling interests	44.784.561	34.929.754	0	0
	Total equity	**107.229.224**	**83.066.828**	**62.444.663**	**48.137.074**
	Provisions				
17	Provisions for deferred tax	4.749.884	3.514.674	0	0
	Total provisions	**4.749.884**	**3.514.674**	**0**	**0**
	Long term labilities other than provisions				
	Mortgage loans	11.008.299	11.765.199	0	0
	Other payables	0	2.928.769	0	0
18	Total long term liabilities other than provisions	11.008.299	14.693.968	0	0

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	Group 2021	Group 2020	Parent 2021	Parent 2020
18	Current portion of long term liabilities	757.271	755.261	0	0
	Bank loans	30.759.832	61.100.805	0	0
	Prepayments received from customers	2.926.751	1.910.855	0	0
	Trade payables	105.726.195	89.722.745	0	0
	Payables to subsidiaries	0	0	440.268	431.029
	Income tax payable to subsidiaries	1.156.670	406.379	0	0
	Other payables	6.039.143	11.229.794	12.500	12.500
	Total short term liabilities other than provisions	147.365.862	165.125.839	452.768	443.529
	Total liabilities other than provisions	**158.374.161**	**179.819.807**	**452.768**	**443.529**
	Total equity and liabilities	**270.353.269**	**266.401.309**	**62.897.431**	**48.580.603**

1 Subsequent events
2 Special items
4 Fees, auditor
19 Charges and security
20 Contingencies
21 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	Revaluation reserve	Reserve for net revaluation according to the equity method	Reserve for foreign currency translation	Retained earnings	Non-controlling interests	Total
Equity 1 2021	125.000	11.962.298	6.421.278	-139.472	29.767.970	34.929.754	83.066.828
Foreign currency translation adjustments	0	0	0	-93.419	-746	-63.851	-158.016
Revaluations for the year	0	1.234.004	0	0	0	839.952	2.073.956
Tax on revaluation for the year	0	-271.481	0	0	0	-184.789	-456.270
Net profit/loss for the year	0	0	2.458.742	0	10.980.489	9.263.495	22.702.726
	125.000	**12.924.821**	**8.880.020**	**-232.891**	**40.747.713**	**44.784.561**	**107.229.224**

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 January 2021	125.000	48.110.341	-98.268	48.137.073
Share of profit or loss	0	13.474.622	-35.391	13.439.231
Transfers	0	868.359	0	868.359
	125.000	**62.453.322**	**-133.659**	**62.444.663**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		Group 2021	2020
	Net profit or loss for the year	22.702.726	5.482.476
22	Adjustments	6.465.070	4.319.458
23	Change in working capital	10.592.203	2.677.817
	Cash flows from operating activities before net financials	39.759.999	12.479.751
	Interest received, etc.	175.840	166.564
	Interest paid, etc.	-2.069.890	-2.351.309
	Cash flows from ordinary activities	37.865.949	10.295.006
	Income tax paid	-3.516.628	-696.739
	Cash flows from operating activities	**34.349.321**	**9.598.267**
	Purchase of intangible assets	0	-663.584
	Sale of intangible assets	0	-613.914
	Purchase of property, plant, and equipment	-199.530	0
	Sale of property, plant, and equipment	403.000	0
	Sale of fixed asset investments	0	-25.000
	Dividend received from associates	685.945	488.902
	Other cash flows from (spent on) investment activities	400	0
	Cash flows from investment activities	**889.815**	**-813.596**
	Repayment of mortgage loans	-3.415.294	-769.989
	Repayment of property, plant and equipment	0	-8.182.973
	Other cash flows from financing activities	-30.609.338	0
	Cash flows from investment activities	**-34.024.632**	**-8.952.962**
	Change in cash and cash equivalents	**1.214.504**	**-168.291**
	Cash and cash equivalents at 1 January 2021	195.798	364.089
	Cash and cash equivalents at 31 December 2021	**1.410.302**	**195.798**

	Cash and cash equivalents		
	Cash and cash equivalents	1.410.302	195.798
	Cash and cash equivalents at 31 December 2021	**1.410.302**	**195.798**

Notes

All amounts in DKK.

1. Subsequent events

From the balance sheet date and until today, no events have occurred that disrupts the assessment of the annual report.

2. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	Group	
	2021	2020
Income:		
COVID-19 Wage compensation	0	2.544.386
	0	2.544.386
Special items are recognised in the following items in the financial statements:		
Other operating income	0	2.544.386
Profit of special items, net	**0**	**2.544.386**

Notes

All amounts in DKK.

3. Revenue

Segmental statement 2021

Activities – primary segment:

	Meat	Dairy	Other	Total
Group	928.525.730	336.576.639	45.421.367	1.310.523.736

Geographical – secondary segment:

	Revenue, Denmark	Revenue, exports	Total
Group	244.121.128	1.066.402.608	1.310.523.736

	Group 2021	2020
4. Fees, auditor		
Total remuneration for Grant Thornton, State Authorised Public Accountants	323.500	402.500
Remuneration related to statutory audit	195.000	340.000
Tax-related consulting	47.500	25.000
Other services	81.000	37.500
	323.500	**402.500**

Notes

All amounts in DKK.

		Group 2021	2020
5.	**Staff costs**		
	Salaries and wages	32.191.465	32.750.599
	Pension costs	2.771.475	2.748.866
	Other costs for social security	373.622	4.968
	Other staff costs	0	1.314.207
		35.336.562	**36.818.640**
	Executive board	3.032.738	3.180.365
	Board of directors	450.000	400.000
	Executive board and board of directors	**3.482.738**	**3.580.365**
	Average number of employees	50	56

		Group 2021	2020
6.	**Other financial income**		
	Interest received from group enterprises	26.258	11.732
	Other financial income	146.727	154.832
		172.985	**166.564**

		Group 2021	2020
7.	**Other financial expenses**		
	Financial costs, group enterprises	13.011	0
	Other financial costs	1.978.368	2.351.309
		1.991.379	**2.351.309**

Notes

All amounts in DKK.

		Group 2021	Group 2020	Parent 2021	Parent 2020
8.	**Tax on net profit or loss for the year**				
	Tax on net profit or loss for the year	4.249.867	1.011.752	-3.103	-3.262
	Adjustment of deferred tax for the year	778.940	827.996	0	0
	Adjustment of tax for previous years	10.127	-175	0	-175
		5.038.934	**1.839.573**	**-3.103**	**-3.437**

		Parent 2021	Parent 2020
9.	**Proposed appropriation of net profit**		
	Reserves for net revaluation according to the equity method	13.474.622	3.267.302
	Allocated from retained earnings	-35.391	-11.388
	Total allocations and transfers	**13.439.231**	**3.255.914**

Notes

All amounts in DKK.

		Group 31/12 2021	31/12 2020
10.	**Acquired patents**		
	Cost 1 January 2021	27.240.862	27.240.862
	Cost 31 December 2021	**27.240.862**	**27.240.862**
	Amortisation and writedown 1 January 2021	-7.753.068	-6.448.945
	Translation at the exchange rate at the balance sheet date 31 December 2021	-56.988	0
	Amortisation and depreciation for the year	-1.304.123	-1.304.123
	Amortisation and writedown 31 December 2021	**-9.114.179**	**-7.753.068**
	Carrying amount, 31 December 2021	**18.126.683**	**19.487.794**

		Group 31/12 2021	31/12 2020
11.	**Goodwill**		
	Cost 1 January 2021	3.665.958	2.985.360
	Additions during the year	0	680.598
	Cost 31 December 2021	**3.665.958**	**3.665.958**
	Amortisation and writedown 1 January 2021	-3.002.374	-2.985.360
	Amortisation and depreciation for the year	-34.271	-17.014
	Amortisation and writedown 31 December 2021	**-3.036.645**	**-3.002.374**
	Carrying amount, 31 December 2021	**629.313**	**663.584**

Notes

All amounts in DKK.

		Group 31/12 2021	Group 31/12 2020
12.	**Property**		
	Cost 1 January 2021	16.813.736	16.813.736
	Cost 31 December 2021	**16.813.736**	**16.813.736**
	Revaluation 1 January 2021	25.769.589	25.203.615
	Revaluations for the year	2.073.956	565.974
	Revaluation 31 December 2021	**27.843.545**	**25.769.589**
	Depreciation and writedown 1 January 2021	-2.364.607	-1.914.152
	Amortisation and depreciation for the year	-779.537	-450.455
	Impairment loss for the year	-913.141	0
	Depreciation and writedown 31 December 2021	**-4.057.285**	**-2.364.607**
	Carrying amount, 31 December 2021	**40.599.996**	**40.218.718**

		Group 31/12 2021	Group 31/12 2020
13.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2021	10.142.546	9.528.632
	Additions during the year	199.530	613.914
	Disposals during the year	-887.023	0
	Cost 31 December 2021	**9.455.053**	**10.142.546**
	Depreciation and writedown 1 January 2021	-8.135.702	-6.766.706
	Amortisation and depreciation for the year	-758.550	-1.368.996
	Impairment loss for the year	630.341	0
	Correction of impairment loss, opening balance	-1.661	0
	Depreciation and writedown 31 December 2021	**-8.265.572**	**-8.135.702**
	Carrying amount, 31 December 2021	**1.189.481**	**2.006.844**

Notes

All amounts in DKK.

	Parent 31/12 2021	Parent 31/12 2020
14. Investments in subsidiaries		
Cost 1 January 2021	450.000	450.000
Cost 31 December 2021	**450.000**	**450.000**
Revaluations, opening balance 1 January 2021	48.079.733	44.689.279
Net profit or loss for the year before amortisation of goodwill	13.474.622	3.267.302
Other equity movements	868.359	123.152
Revaluation 31 December 2021	**62.422.714**	**48.079.733**
Carrying amount, 31 December 2021	**62.872.714**	**48.529.733**

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	**Equity**	**Results for the year**
MCM International A/S, Gentofte	90 %	69.858.569	14.971.802
		69.858.569	**14.971.802**

Notes

All amounts in DKK.

	Group		Parent	
	31/12 2021	31/12 2020	31/12 2021	31/12 2020
15. Investments in participating interests				
Cost 1 January 2021	62.500	37.500	12.499	12.499
Additions during the year	400	25.000	400	0
Cost 31 December 2021	**62.900**	**62.500**	**12.899**	**12.499**
Revaluations, opening balance 1 January 2021	5.932.376	3.575.830	30.609	30.609
Net profit or loss for the year before amortisation of goodwill	4.132.339	2.845.448	0	0
Dividend	-685.945	-488.902	0	0
Other equity movements	-43.108	0	-43.108	0
Revaluation 31 December 2021	**9.335.662**	**5.932.376**	**-12.499**	**30.609**
Carrying amount, 31 December 2021	**9.398.562**	**5.994.876**	**400**	**43.108**

Participating interests:

	Domicile	**Equity interest**
Malte Hansen Holding 2021 ApS	København K	1 %
Skovbakkevej 14 ApS - opløst i året	Tikøb	25 %
Faunakram Pet Food ApS	Gentofte	50 %
Urban Bites ApS	Hinnerup	50 %

16. Prepayments

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

Notes

All amounts in DKK.

	Group 31/12 2021	Group 31/12 2020
17. Provisions for deferred tax		
Provisions for deferred tax 1 January 2021	3.514.674	2.562.164
Deferred tax relating to the net profit or loss for the year	778.940	827.996
Deferred tax recognised directly in equity	456.270	124.514
	4.749.884	**3.514.674**

18. Long term labilities other than provisions

	Total payables 31 Dec 2021	Current portion of long term payables	Long term payables 31 Dec 2021	Outstanding payables after 5 years
Group				
Mortgage loans	11.765.570	757.271	11.008.299	7.980.965
	11.765.570	**757.271**	**11.008.299**	**7.980.965**

19. Charges and security

As collateral for mortgage loans, DKK 11.765.570, security has been granted on land and buildings representing a carrying amount of DKK 37.600.000 at 31 December 2021.

The following assets have been placed as security with mortage credit institutes:

	DKK in thousands
Land and buildings with a carrying value of:	37.600

Group company BPI A/S has granted a floating charge of a nominel amount of DKK 48,1 million for bank debt to Jyske Bank A/S. On the balance sheet date, BPI A/S' debt to Jyske Bank A/S amounts to DKK 25,7 million.

Notes

All amounts in DKK.

20. Contingencies

Contingent liabilities

BPI A/S has provided a surety (primary liability) in respect of the parent company MCM International A/S bank facility. On the balance sheet date, MCM International A/S debt to Jyske Bank A/S amounts to DKK 4,1 million.

BPI A/S has provided a surety (primary liability) in respect of the group company BPI GmbH bank facility. On the balance date, BPI GmbH debt to Jyske Bank A/S amounts to DKK 0,9 million.

When applying for import licenses from the EU authorities in a limited number of EU countries, insurance companies, on behalf of BPI, guarantee to fulfill the company's obligations in applying for the above import licenses. Insurance companies have guaranteed in total DKK 14 million and EUR 5,1 million.

BPI A/S has assumed lease obligations, which at the balance date amounted to DKK 0,9 million in the period of non-terminability.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

21. Related parties

Controlling interest

Ole M. Hansen	Owner

Transactions

The company has chosen to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Fiancial Statements Act.

Transactions during the year with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties are made on market conditions.

Notes

All amounts in DKK.

		Group 2021	2020
22.	**Adjustments**		
	Depreciation, amortisation, and impairment	3.797.435	3.140.588
	Income from investments in associates	-4.107.951	-2.845.448
	Other financial income	-175.840	-166.564
	Other financial expenses	2.069.890	2.351.309
	Tax on net profit or loss for the year	5.039.655	1.839.573
	Other adjustments	-158.119	0
		6.465.070	**4.319.458**

		Group 2021	2020
23.	**Change in working capital**		
	Change in inventories	11.231.044	16.050.436
	Change in receivables	-12.459.604	22.228.031
	Change in other provisions	0	-111.769
	Change in trade payables, etc	11.820.763	-35.488.881
		10.592.203	**2.677.817**

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