



SKARE Meat Packers K/S

Industrivej Syd 1
6600 Vejen
CVR No. 10551307

Annual report 01.10.2020 - 30.09.2021

The Annual General Meeting adopted the
annual report on 01.04.2022

Kurt Skare

Chairman of the General Meeting

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Entity details

Entity

SKARE Meat Packers K/S

Industrivej Syd 1

6600 Vejen

Business Registration No.: 10551307

Registered office: Vejen

Financial year: 01.10.2020 - 30.09.2021

Board of Directors

Bruno Olesen, chairman

Henrik Mikkelsen

Claus Mørkøre Andersen

Kurt Skare

Birgith Dall Skare

Executive Board

Kurt Skare

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6701 Esbjerg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of SKARE Meat Packers K/S for the financial year 01.10.2020 - 30.09.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2021 and of the results of its operations for the financial year 01.10.2020 - 30.09.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Vejen, 01.04.2022

Executive Board

Kurt Skare

Board of Directors

Bruno Olesen
chairman

Henrik Mikkelsen

Claus Mørkøre Andersen

Kurt Skare

Birgith Dall Skare

Independent auditor's report

To the shareholders of SKARE Meat Packers K/S

Adverse opinion

We have audited the financial statements of SKARE Meat Packers K/S for the financial year 01.10.2020 - 30.09.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, due to the significance of the matters discussed in the "Basis for adverse opinion" section, the financial statements do not give a true and fair view of the Entity's financial position at 30.09.2021 and of the results of its operations for the financial year 01.10.2020 - 30.09.2021 in accordance with the Danish Financial Statements Act.

Basis for adverse opinion

The financial statements have been presented applying the principle of going concern. As stated in note 1 to the financial statements, the going concern of the Entity is dependent on obtaining new credit facilities to repay the current ones, which have been terminated. Moreover, it is necessary that the new credit facilities can be extended when new funding needs arise. Management have not at the for signing been able to show a plan for how to obtain new credit facilities to repay the current ones, and we have not been able to concur with the budgets prepared by Management regarding the expectations for the coming financial year. We therefore qualify our opinion in respect of the financial statements having been presented on a going concern basis.

In our opinion, trade receivables, which are recognised in the balance sheet at DKK 236,3m, are overvalued by DKK 120,8m due to non-writedown for bad and doubtful debts. Consequently, equity and profit for the year have been overvalued by DKK 120,8m in this respect.

In our opinion, receivables from group enterprises, which are recognised in the balance sheet at DKK 81,8m, are overvalued by DKK 81,8m due to non-writedown. Consequently, equity and profit for the year have been overvalued by DKK 81,8m in this respect.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity 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 adverse opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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 the management commentary

Management is responsible for the management commentary.

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

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

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

As is evident from the "Basis for adverse opinion" section, we have modified our opinion on the financial statements because of the fact that the financial statements have been presented as going concern which we disagree in and the fact that trade receivables are overstated after our opinion. We have concluded that, for this reason, the management commentary is materially misstated as, in our opinion, the management commentary should have reflected this circumstance.

Esbjerg, 01.04.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jørn Jepsen

State Authorised Public Accountant
Identification No (MNE) mne24824

Management commentary

Financial highlights

	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000
Key figures					
Revenue	1,053,738	1,029,483	986,162	1,116,329	1,002,103
Gross profit/loss	130,615	171,331	152,041	170,104	149,437
Operating profit/loss	(28,272)	8,201	(9,714)	4,732	(2,366)
Net financials	61,308	(3,262)	(2,955)	(1,586)	(4,602)
Profit/loss for the year	33,036	4,939	(12,670)	3,146	(6,968)
Total assets	543,772	576,491	559,896	552,866	518,454
Investments in property, plant and equipment	1,598	430	2,827	2,367	18,530
Equity	40,886	7,850	2,910	15,580	12,433
Ratios					
Gross margin (%)	12.40	16.64	15.42	15.24	14.91
EBIT margin (%)	(2.68)	0.80	(0.99)	0.42	(0.24)
Net margin (%)	3.14	0.48	(1.28)	0.28	(0.70)
Return on equity (%)	135.57	91.80	(137.05)	22.46	(56.11)
Equity ratio (%)	7.52	1.36	0.52	2.82	2.40

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Gross margin (%):

Gross profit/loss * 100

Revenue

EBIT margin (%):

Operating profit/loss * 100

Revenue

Net margin (%):

Profit/loss for the year * 100

Revenue

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):Equity * 100

Total assets

Primary activities

The Group's activities consist of the purchase, processing, cutting and sale of fresh and frozen meat for both retail and wholesale purposes. Sales are made both in Denmark and globally. In addition, the group carries out slaughters in its own slaughterhouses in Denmark and Germany.

Development in activities and finances

See note 1.

Management expects that the Group's liquidity will be sufficient to ensure continued operation and the financial statements will be presented in anticipation of this.

Radical structural changes in European retail trade and distribution, as well as ongoing changes in consumer patterns and consumer behavior, will in future lead to constant changes in the Group's sales situation. Through a significant and serious presence in selected markets and continued product development, the Group's market position is expected to be maintained and expanded.

Profit/loss for the year in relation to expected developments

The profit after tax for the year was DKK 33 million, while the deficit for the year before was DKK 5 million after tax.

The profit for the year was positively impacted by revenue recognition of part of the Group's debt, which has positively affected the profit for the year by DKK 66 million.

Operating income is not as budgeted. However, the management assesses the result satisfactorily, taking into account that:

The Group's Inland, European and Global activities have been strongly influenced by the Covid19 pandemic, since all the kernel customers within the food service sector were forced by the authorities and have been shut down in several stages.

This segment demands quality and consistency in large quantities. This is the core competence of the Group and normally represents more than 50% of total turnover. It has been possible to compensate, to the appropriate extent, with other products for other segments and with increased exports to the medium and the far East.

During the lengthy Covid19 closure in Denmark and the rest of Europe, THE SKARE Group has made adjustments and complied with the requests of the authorities, retailers and society to help ensure the maintenance of food supplies of daily consumer goods. THE SKARE Group has participated in this process without any financial support.

This has led to increased stock of certain and expensive beef cuts, which are usually particularly suitable and targeted for luxury and outdoor dining. The stock of this is expected to be realized soon after the reopening of societies and although the third risk of infection has again delayed the possibilities, the progressive vaccination contributes to great optimism and many opportunities within a reasonably short time frame. THE SKARE Group is ready to exploit and profit from it, with an intact organization and staff.

Outlook

At the end of the financial year and after the end of the financial year, the company has entered into a number of new cooperation agreements. As a result, the Entity expects to see increased turnover in the coming financial year and expects to increase earnings accordingly as the global closure ceases.

Research and development activities

The Entity is continuously developing the product range. The Entity has no systematic research.

Statutory report on corporate social responsibility

The Group's activities consist of buying, slaughtering, production and sale of beef to domestic and foreign countries, based on purchases of raw materials from THE GROUP's own slaughterhouses and selected domestic and European slaughterhouses. All processing and further processing takes place in Denmark and/or Germany. The Group's customers are primarily domestic and European supermarket chains and food and gastronomy in the sector.

Management does not consider that there are particularly hazardous areas related to CSR.

Management is aware of its Corporate Social Responsibility and exercises its management accordingly. Thus, CSR guidelines have been prepared for the companies within the SKARE Group based on UN's Global Compact principles which among others include:

- ☐ Human rights
- ☐ Employee rights
- ☐ Environment and sustainability
- ☐ Anti-corruption
- ☐ Animal welfare

Human rights

The SKARE Group will at any time actively combat and oppose against violation of human rights, both in own companies, but also where the group may be aware of such with trading partners. All companies within the SKARE Group are aware, that human rights must be kept as well as the following focus areas have been defined:

- ☐ No breaches on basic human rights are accepted.
- ☐ The use of forced labour is not accepted.
- ☐ Use of child labour is not accepted.
- ☐ Any discrimination based on religion, gender, race or sexual orientation has to be opposed and fought actively.
- ☐ Any form of physical or psychological violence has to be prevented and fought.

The SKARE Group employs employees from many countries and thereby different religions and cultures. Systems and policies are implemented ensuring that human rights are kept.

CSR, including the work with human rights, is already well incorporated on the local markets and therefore the work is no longer of great importance. However, in connection with the increased access to markets in third countries the SKARE Group has had particular focus on human rights through dialogue in connection with ongoing cooperation.

Employee rights

The SKARE Group recognizes the individual employee's free right to choose labour union. Recognized labour unions safeguarding the interests of employees according to national applicable rules may at the request of the employees participate in the resolution of conflicts.

Any act made by employees - based on the employee's rights of the SKARE Group - can be done without fear of discrimination or reprisal. The SKARE Group exercises this by a.o.t. working for and with:

That national statutory regulations are kept, also by trading partners in the counties in which they operate, respectively. That SKARE Group employees are hired on well-organized wages and terms of employment. That employment is made according to qualifications, including that gender discrimination is not accepted. To prevent occupational injuries or sufferings through progressive approach to improve the company's physical work environment - through investments a.o.t. As follow-up on this, the Company has carried through projects and made investments to reduce heavy lifts – including installation of automatic pallet and sorting installations.

Environment, climate and sustainability

It is the policy of the SKARE Group to operate its business with great responsibility towards environment and climate.

Legislation in the individual countries is at any time the basis for the standards and conducts worked by in the SKARE Group and which are also expected kept by the trading partners.

The focus areas are:

- ☐ Production processes are to consider environment and sustainability, including reduction of impacts on the climate.
- ☐ Trading partners must as a minimum meet the environmental legislation of the countries in question.
- ☐ Lowest possible consumption of resources and environmental impact.
- ☐ Involve and influence the employees of the Company in benefit of the environment.
- ☐ The SKARE Group will actively take part in matters that may benefit the environment in the value chain which the SKARE Group is part of.

Measurements have been initiated to evaluate the Company's consumption of water and electricity. These measurements are followed up to reducing the Company's consumption of resources.

In connection with the preparation of the mandatory energy inspection reports, the SKARE Group has had particular focus on this area, although this work showed that the major part of the consumption of resources had been optimized. There has been a particular focus on reducing packing consumption and optimization of byproducts.

Anti-corruption

It is the SKARE Group's requirements to management and employees of the company that the company and trading partners, irrespective of where and by whom both are represented, can not or may not exercise their business by means of bribery or use of facilitation payments – both internally and externally, in private as in public. Any neglect of the anti-corruption policies from affiliated employees or trading partners of the SKARE

Group will result in sanctions. Management is not familiar with Management or employees of the Company having been involved in any form of bribery or similar.

Animal welfare

It is the policy of the SKARE Group through demands to suppliers to improve the general animal welfare with the producers delivering animals and raw materials to the company. This is achieved by carrying through current audits with suppliers of the company. Through its activities in the value chain the SKARE Group has assumed an extra responsibility for the animals being delivered to the slaughterhouses of the SKARE Group. The SKARE Group contributes to animal welfare through certification programmes. SKARE Group's Danish cattle slaughterhouse, Aarhus Slagtehus A/S, has in 2018 achieved the internationally recognized SAIGlobal certification.

Food safety

On the basis of ensuring the highest possible food safety, THE GROUP has joined several international Kurt Skare Holding ApS | Management report 13 recognized certifications. Among other things, the company has worked with and obtained certifications under the BRC/Global Standard for Safety, IFS Food Certificate, QS and Hazard Analysis and critical Control points (HACCP). The latest BRC certification has been achieved 29.10.2021, the latest IFS certification has been achieved by 11.01.2022 and the latest QS certification has been achieved by 24.01.2022.

Statutory report on the underrepresented gender

All employees in SKARE Meat Packers K/S are employed on the basis of professional competencies without regard to religion, race, gender disability or age. We see diversity as a strength and we are actively opposing discrimination and want to promote equal treatment. This applies both at management level and at all other levels of the organization.

As with cooperation partners in the business, women are the underrepresented gender in the top management body. The share of women in the Board of Directors is 20%. The Company's target is 25%. Goal achievement is unchanged.

Policies for diversity at other management levels have been prepared, resulting in more women at other management levels.

Statutory report on data ethics policy

The company's customers are primarily BTB customers. The Company does not collect detailed consumer data or similar. On this basis, there is no need to develop a policy on data ethics.

Events after the balance sheet date

Attention is drawn to note 1. Except this, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Revenue	4	1,053,737,956	1,029,483,066
Changes in inventories of finished goods and work in progress		(46,000,319)	16,561,808
Other operating income		554,584	0
Costs of raw materials and consumables		(808,889,268)	(805,031,009)
Other external expenses		(68,788,347)	(69,682,671)
Gross profit/loss		130,614,606	171,331,194
Staff costs	5	(152,325,977)	(155,037,606)
Depreciation, amortisation and impairment losses	6	(6,560,273)	(8,092,212)
Operating profit/loss		(28,271,644)	8,201,376
Other financial income	7	66,437,664	2,970
Other financial expenses	8	(5,129,561)	(3,265,060)
Profit/loss for the year	9	33,036,459	4,939,286

Balance sheet at 30.09.2021

Assets

	Notes	2020/21 DKK	2019/20 DKK
Other fixtures and fittings, tools and equipment		25,227,164	30,273,967
Property, plant and equipment	10	25,227,164	30,273,967
Fixed assets		25,227,164	30,273,967
Raw materials and consumables		5,760,627	5,677,852
Manufactured goods and goods for resale		170,307,756	215,054,107
Inventories		176,068,383	220,731,959
Trade receivables	11	236,294,232	201,777,665
Receivables from group enterprises		81,816,488	102,573,621
Other receivables		21,738,038	20,151,235
Prepayments	12	2,592,192	503,001
Receivables		342,440,950	325,005,522
Cash		35,807	479,226
Current assets		518,545,140	546,216,707
Assets		543,772,304	576,490,674

Equity and liabilities

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		11,168,400	11,168,400
Retained earnings		29,717,698	(3,318,761)
Equity		40,886,098	7,849,639
Payables to group enterprises		17,554,580	21,535,639
Payables to shareholders and management		58,027,315	125,422,690
Other payables	13	25,074,912	16,311,889
Non-current liabilities other than provisions	14	100,656,807	163,270,218
Current portion of non-current liabilities other than provisions	14	5,917,853	6,422,350
Bank loans		7,204	5,509,393
Trade payables		37,159,321	33,429,283
Payables to group enterprises		314,999,315	294,921,738
Payables to shareholders and management		5,000,000	0
Other payables	15	39,145,706	65,088,053
Current liabilities other than provisions		402,229,399	405,370,817
Liabilities other than provisions		502,886,206	568,641,035
Equity and liabilities		543,772,304	576,490,674
Going concern	1		
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Statement of changes in equity for 2020/21

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	11,168,400	(3,318,761)	7,849,639
Profit/loss for the year	0	33,036,459	33,036,459
Equity end of year	11,168,400	29,717,698	40,886,098

Notes

1 Going concern

As the Group and the SKARE Group have been negatively affected by Covid-19 in this financial year and the previous financial year, especially the sale to the foodservice sector both in Denmark and Southern Europe has been absent in the financial year.

The Group and the SKARE Group have loyally contributed to and followed the authorities', society's and retailers' request to maintain production at all factories in order to be able to provide citizens with food supplies such as fresh meat with a short shelf life, e.g. minced beef, which has required the purchase of cattle. However, it has not been possible as usual to sell the more expensive and other cuts from cattle to the foodservice sector in Denmark as well as in Europe as a result of authorities' lockdown of that sector. Consequently, the Group had built up considerable stocks of the very expensive cuts / products.

Moreover, the Group did not manage to realize a profit as budgeted in connection with the presentation of last year's financial statements. This also resulted in the Group's liquidity being challenged during the financial year as a large part of liquidity has been tied up in inventories.

Despite the above, it is, however, Management's continued assessment that the SKARE Group still has the necessary liquidity at its disposal to continue operations in the financial year 2021/22 and thus present the financial statements on a going concern basis.

In the period after the authorities lifted the lockdown in Denmark and abroad, inventories have already been reduced by approx. DKK 90 million (approx. DKK 60 million in the previous financial year and DKK 30 million in the current financial year). Management expects to be able to reduce inventories by a further DKK 90m in the current financial year, and at extremely favorable prices.

The reduction of inventories must take place through normal sales, which Management considers possible, especially since beef prices on the world markets have increased considerably due to the general shortage of beef. It is Management's assessment that these prices will continue to rise and make it possible to sell inventories at a considerable profit. Overall, this will free large cash resources.

Over time, the Group and the SKARE Group have been self-financing for the most part, and therefore - compared with the level of activity and the cash flow composition - have a limited business credit in a bank. After the balance sheet date, the bank has terminated the engagement to be repaid in the financial year 2021/22. Management expects to reach an agreement on new credit facilities with another source of funding when the current credit facilities are to be repaid. Management also expects to reduce the need for credit, as stated, by reducing the Group's inventories in Q2 in the calendar year. Furthermore, necessary liquidity can be provided through capital contributions from the owners. Moreover, it will be assessed whether it is necessary to raise a mortgage loan on the Group's property portfolio and factories, which are almost unencumbered, as over time the Group has chosen to be self-financing.

The Group budgets for a profit for the financial year 2021/22 in the range of DKK 30-35m before tax, which the Group expects to be able to realize after the normalization of the foodservice sector, and thus normal revenue is expected for the first time in three years.

Overall, based on the above, Management expects that the Group's and the SKARE Group's liquidity is sufficient to ensure going concern, and the financial statements are presented on the basis of this expectation.

2 Unusual circumstances

Interest income also includes a capital gain from the redemption of a debt instrument which was part of the company's debt. The effect of this is 66 mio.kr.

3 Events after the balance sheet date

Attention is drawn to note 1. Except this, no events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

4 Revenue

	2020/21 DKK	2019/20 DKK
Denmark	499,255,365	506,477,305
Other countries	554,482,591	523,005,761
Total revenue by geographical market	1,053,737,956	1,029,483,066

Other countries primarily comprises the EU-region. The entity only has one segment which is sale of meat.

5 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	135,988,392	138,118,858
Pension costs	8,896,243	9,136,961
Other social security costs	5,910,814	5,725,352
Other staff costs	1,530,528	2,056,435
	152,325,977	155,037,606

Average number of full-time employees	328	360
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	Remuneration of Management 2020/21 DKK	Remuneration of Management 2019/20 DKK
Total amount for management categories	1,325,098	379,518
	1,325,098	379,518

6 Depreciation, amortisation and impairment losses

	2020/21	2019/20
	DKK	DKK
Depreciation of property, plant and equipment	6,569,447	8,116,720
Profit/loss from sale of intangible assets and property, plant and equipment	(9,174)	(24,508)
	6,560,273	8,092,212

7 Other financial income

	2020/21	2019/20
	DKK	DKK
Other interest income	0	2,970
Other financial income	66,437,664	0
	66,437,664	2,970

Interest income also includes a capital gain from the redemption of a debt instrument which was part of the company's debt. The effect of this is 66 mio.kr.

8 Other financial expenses

	2020/21	2019/20
	DKK	DKK
Financial expenses from group enterprises	2,533,341	2,178,473
Other interest expenses	1,792,781	423,264
Other financial expenses	803,439	663,323
	5,129,561	3,265,060

9 Proposed distribution of profit and loss

	2020/21	2019/20
	DKK	DKK
Retained earnings	33,036,459	4,939,286
	33,036,459	4,939,286

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	181,032,144
Additions	1,597,644
Disposals	(499,764)
Cost end of year	182,130,024
Depreciation and impairment losses beginning of year	(150,758,177)
Depreciation for the year	(6,569,447)
Reversal regarding disposals	424,764
Depreciation and impairment losses end of year	(156,902,860)
Carrying amount end of year	25,227,164
Recognised assets not owned by entity	23,472,432

11 Trade receivables

The receivables against non-consolidated sales companies amounting to DKK 135,8 million are not expected to be fully paid in within the next 12 months.

12 Prepayments

Prepayments consists of prepaid operating expenses, including insurance, subscriptions etc.

13 Other payables

	2020/21 DKK	2019/20 DKK
Holiday pay obligation	15,974,207	16,311,889
Other costs payable	9,100,705	0
	25,074,912	16,311,889

14 Non-current liabilities other than provisions

	Due within 12 months 2020/21 DKK	Due within 12 months 2019/20 DKK	Due after more than 12 months 2020/21 DKK
Payables to group enterprises	5,917,853	6,422,350	17,554,580
Payables to shareholders and management	0	0	58,027,315
Other payables	0	0	25,074,912
	5,917,853	6,422,350	100,656,807

15 Other payables

	2020/21 DKK	2019/20 DKK
Wages and salaries, personal income taxes, social security costs, etc payable	27,499,020	36,407,998
Accrued interest	0	252,117
Other costs payable	11,646,686	28,427,938
	39,145,706	65,088,053

16 Unrecognised rental and lease commitments

	2020/21 DKK	2019/20 DKK
Liabilities under rental or lease agreements until maturity in total	7,681,443	8,909,950

17 Assets charged and collateral

A letter of indemnity worth DKK 70m has been issued towards a financial institute to secure bank debt in group companies. The letter of indemnity is secured by way of pledge in inventories and trade receivables (company pledge). Carrying amount is DKK 412m (2019/20: DKK 423m).

Group companies debt to financial institute amounts to DKK 81m (2019/20: DKK 80m).

A negative pledge has been registered concerning pledge of trade receivables.

18 Related parties with controlling interest

SKARE Beef Products ApS, DK-Vejen owns 55% of the units in the Entity, thus exercising control.

SKARE Holding A/S, DK-Vejen owns 100% of the shares in SKARE Beef Products ApS, thus exercising control.

Kurt Skare Holding ApS, DK-Vejen controls 88,5% of the voting rights in SKARE Holding A/S, thus exercising control.

Kurt Skare, DK-Vejen owns 100% of the shares in Kurt Skare Holding ApS, thus exercising control.

19 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

20 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Kurt Skare Holding ApS, Central Business No 11975089, DK-Vejen.

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Kurt Skare Holding ApS, Central Business No 11975089, DK-Vejen.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

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

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

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

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

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

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, exchange losses on payables and transactions in foreign currencies, amortisation of financial liabilities etc.

Balance sheet**Property, plant and equipment**

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	4-13 years
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Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Cash flow statement

Referring to section 86 of the Danish Financial Statements Act, a cash flow statement has not been prepared because the Company's cash flow is fully included in the consolidated cash flows of Kurt Skare Holding ApS, Business Reg. No 11 97 50 89.