

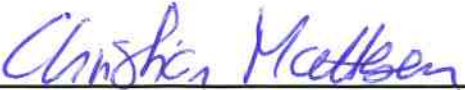
**BHJ A/S**  
**Ulsnæs 33, 6300 Graasten**

**Annual report for 2021**

**CVR no. 11 42 34 18**

**To the Danish Business Authority**

The annual report was presented and approved.  
at the annual general meeting on 24 June 2022

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**(Chairman of the meeting)**

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## **INFORMATION ON THE COMPANY**

BHJ A/S  
Ulsnæs 33  
DK-6300 Gråsten

CVR no. 11 42 34 18

### **Board of directors:**

Vilhelm Hald-Christensen (Chairman)  
Christine J. Lauridsen  
Duane Everett Willey  
John F. Wheeler

### **Management:**

Asger S. Jacobsen  
Torben Matzen

### **Auditor:**

EY Godkendt Revisionspartnerselskab  
Nørre Havnegade 43  
DK-6400 Sønderborg

State Authorized Public Accountant Christian S. Christiansen

### **Bank:**

Sydbank A/S  
Handelsbanken

### **Annual General Meeting**

The Annual General Meeting will be held 24 June 2022.

## BHJ A/S

### Financial highlights and key ratios

	2017	2018	2019	2020	2021
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
<b>Consolidated income statement</b>					
<b>Revenue</b>	<b>1.512.609</b>	<b>1.517.598</b>	<b>1.487.919</b>	<b>1.680.203</b>	<b>1.840.604</b>
Profit from ordinary activities	30.401	32.326	31.706	43.712	66.438
Operating profit (EBIT)	30.019	24.894	25.701	38.280	72.646
Financial items	(6.219)	(4.340)	(290)	41.386	1.455
<b>Profit before tax</b>	<b>21.242</b>	<b>17.721</b>	<b>21.926</b>	<b>76.306</b>	<b>72.198</b>
<b>Profit for the year</b>	<b>15.743</b>	<b>13.006</b>	<b>16.091</b>	<b>67.493</b>	<b>56.460</b>
<b>Balance sheet</b>					
Fixed assets	341.042	472.007	184.341	226.642	207.639
Current assets	389.922	397.881	429.860	471.435	576.402
<b>Total assets</b>	<b>730.964</b>	<b>869.888</b>	<b>614.201</b>	<b>698.077</b>	<b>784.041</b>
Investment in items of property, plant and equipment	22.077	18.634	56.237	77.100	28.819
<b>Equity</b>	<b>270.190</b>	<b>282.118</b>	<b>268.507</b>	<b>301.291</b>	<b>306.552</b>
Provisions	974	823	562	3.780	8.344
Interest-bearing debt	180.705	303.798	92.676	92.362	98.005
Non-interest-bearing debt	279.095	283.149	252.456	300.644	371.140
<b>Number of employees at year-end</b>	<b>279</b>	<b>313</b>	<b>316</b>	<b>371</b>	<b>360</b>
<b>Key figures<sup>1</sup></b>					
Operating margin	2,0%	1,6%	1,7%	2,3%	3,9%
Return On Capital Employed (ROCE)	6,9%	4,8%	5,5%	10,2%	18,1%
Return on equity	6,0%	4,7%	5,8%	23,7%	18,6%
Debt ratio	66,9%	107,7%	34,5%	30,7%	32,0%
Equity at year-end	37,0%	32,4%	43,7%	43,2%	39,1%

<sup>1</sup> Key figures are calculated according to definition described under accounting policies

## **MANAGEMENT REPORT**

### **Main activities**

BHJ A/S operates with the following two business divisions:

- Essentia Protein Solutions
- BHJ

Essentia Protein Solutions develops, produces and markets functional protein ingredients within meat processing, soup stock and nutrition.

BHJ purchases, processes and sells meat and fish raw materials for the pet food industry and trades within food in meat and fish-products.

### **Development in activities and financial performance**

There were no significant events or major changes in the activities in 2021.

Revenue has increased by 9,5% compared with 2020.

BHJ A/S generated an EBIT of DKK 72,6 million in the financial year 2021, compared with DKK 38,3 million in 2020 – an increase of 90%. This development is considered as satisfactory and in line with expectations.

BHJ A/S posted a profit before tax of DKK 72,2 million.

Total assets amount to DKK 784,0 million, of which equity amounts to DKK 306,6 million, equal to 39,1%.

### **Outlook**

The overall expectation for BHJ A/S in 2022 is a positive development and improved earnings in EBIT compared to 2021.

However, the general development in the world economy, due to the Ukraine/Russian war and the COVID-19 impact on the supply chain all over the world, could have a negative effect on the financial result for 2022. Among others there have been significantly increase in the energy costs and the delivery of energy could be disrupted. Furthermore, the inflation seems to be increasing heavily.

Management cannot presently estimate the overall impact to the Company, but such an impact could have a negative effect on the expected financial result for 2022.

### **Special risk**

It is BHJ A/S' policy to adequately hedge all major risks.

Being affected by global veterinary factors, BHJ A/S takes a proactive approach to quality assurance and production hygiene.

Due to the international scope of BHJ A/S' activities, exchange rates as well as national interest rate levels may have an impact on BHJ A/S' results, cash flows and shareholder's equity. BHJ A/S hedges all major foreign exchange risks. The group's interest exposure is adjusted on an ongoing basis to the current yield curve and its expected developments.

## MANAGEMENT REPORT

### **Corporate social responsibility**

BHJ A/S has a set of values that significantly reflects the attitude and behavior in the everyday life. Values come from within BHJ A/S and reflect what we stand for. Employees everywhere in BHJ A/S act out these values every single day. This set of values acts as a guide and is the foundation for big and small decisions which makes up a common platform.

BHJ A/S sources meat and fish by-products from the food production industry. After processing, upgrading and R&D in our factories, the ingredients are ready to be used and create value in new ways. Our business model prevents valuable raw materials from turning into waste.

The business is building on close and long-term relationships with customers and suppliers. Respect for individuals plays an important role in the basic values and find it natural to act in a proper way – ethically correct and in accordance with legislation. Building and maintaining long-term co-operative relations is only possible when constantly focusing on these areas.

BHJ A/S constantly seek to run its business in a responsible manner and make a positive contribution to the society and the environment. This is done by developing and implementing responsible business practices and principals, within the areas, climate and environment, human rights, work environment, anti-corruption and COVID-19. These principles are common for everyone within BHJ A/S and is also available on the website.

### ***Environment and climate***

#### Material risks:

BHJ A/S has identified waste, energy consumption and CO<sub>2</sub> emissions as the most significant environmental risks within the core business. The solutions within this field are definitely long-term, so risks and challenges will clearly be part of our everyday activities for a long time, while we implement our sustainability targets to which we are committed

#### Policy:

BHJ A/S aims to be an environmentally responsible company that shows optimal consideration for the environment in its current activities or when planning new activities.

Sustainability is all about safeguarding the natural resources and utilizing these in the best possible way while avoiding waste and ensuring energy consumption and CO<sub>2</sub> emissions are at a minimum. From the foundation of BHJ A/S it has always been the core business to utilize the raw materials that would otherwise go to waste and continuously strive to add value to these raw materials. Simultaneously focusing on quality and food safety BHJ A/S will maintain an efficient, profitable, and sustainable business.

#### Actions in the financial year

BHJ A/S has established an environmental management system where the aim is to be aligned with the environmental policy. The policy is a natural part of the objectives for product quality and production conditions.

BHJ A/S has specific environmental targets for most plants, and an ongoing registration and assessment of major environmental impact factors for the plants are being listed. BHJ A/S invest in energy efficiency to make sure that the facilities produce more with less energy and to minimize CO<sub>2</sub> emissions and waste.

## MANAGEMENT REPORT

To monitor, adjust and improve the overall environmental impact, BHJ A/S are in the process of implementing a monitoring system that makes it possible to keep track of the water, heat, and energy consumption. More importantly, the system recognizes utilities or processes that needs to be upgraded or developed to continuously decrease the overall environmental footprint.

### Results in the financial year

During 2021 several old productions equipment's have been replaced, with new ones which are more environmentally friendly and energy efficient.

In addition, general noise attenuations and Emission measurements have also been carried out. The production has been expanded, so to comply with the allowable quota and permitted particle emission level the noise has been reduced on several equipment's and the corresponding Emissions measurements have been control.

Implementation of projects are constantly an on-going process. The purpose is the focus on reduction of energy consumption in the short term as well as in the long term and making environmental improvements. The effect of these projects is shown in even larger energy savings.

### Expectations for the future

Overall, in BHJ A/S, there is a strong focus at all factories on replacing old and run-out production equipment with more environmentally friendly and energy efficient equipment.

Additionally, BHJ has committed to set near-term emission reduction targets in line with SBTi in the beginning of 2022. During 2022 the CO2 footprint will be measuring across the whole supply chain for all locations. Today, BHJ already committed to achieve the target of sourcing 80% of the electricity from renewable sources by 2025 and 100% by 2030. By 2023, BHJ will have a full analysis covering CO2 emissions emitted throughout the supply chain, including water and waste production. Based on this analysis, BHJ will submit the reduction targets in line with the SBTi framework by 2023.

On the longer term, BHJ A/S is looking to sign up to one or more PPA's (Power Purchase Agreements) in order to cover all BHJ A/S's power consumption with green energy, such as solar or wind power. The search for PPA's is ongoing and the objective is to have location's power consumption covered by green energy by 2024 or preferably earlier.

### ***Human rights***

#### Material risks

The main risks that BHJ A/S faces regarding human rights are the production facilities including safety and health of employees. With the support of internationally proclaimed human rights organizations and SMETA audits, the risks are considered to be low

#### Policy:

BHJ A/S support and respect protection of internationally proclaimed human rights and acknowledge the importance of a constructive collaboration in the society.

### Actions in the financial year

The Petfood plants are SMETA audited on a regularly three-year basis. The petfood plant in Graasten were latest audited in 2019 and the Petfood plant in Løkken were audited in 2020.

## MANAGEMENT REPORT

The scope of a SMETA audit consist of 4-pillars; Labor Standards, Health & Safety, Environment and Business Ethics and incorporates both the ETI Base Code, and other key ethical related requirements and respect of human rights including sub-contraction, Home-working and Entitlement to work

### Results in the financial year

In the financial year 2021 no SMETA audits have been performed. The Graasten plant will be audited again in 2022 and the plant in Løkken will be audited in 2023.

### Expectations for the future

BHJ A/S have a clear expectation that the Essentia plants in Graasten and Hobro will be Sedex registered in 2022 and thus also subsequently SMETA Audited in the future.

It is of great importance for BHJ A/S that these SMETA audits in the future, will be completed without any remarks as well. Evidence that BHJ A/S works according to the CSR and meet the national and international standards regarding Labor Standards, Health & Safety, Ethics and Environment.

### *Work environment (social/employment)*

#### Material risks

BHJ A/S has identified work-related accidents to be the most significant risks relating to social and employee conditions. In a company with many employees in the production, there is a substantial risk of work-related accidents. Training and safety restrictions are followed closely to minimize the risk.

#### Policy:

In respects to employment rights BHJ A/S support the freedom of association and the effective recognition of the right to collective bargaining.

BHJ A/S comply with applicable laws and industry standards on remuneration and working hours. BHJ A/S is against forced labor, and the employees are employed of their own free will. Furthermore, BHJ A/S is against discrimination based on ethnic or national origin, religion, sex, sexual orientation, age or political affiliation and we dissociate child labor.

In case of long-term illness, a close dialogue with the employee is established to retain her/him in the job. The aim is also to support employees in the best possible way in case of personal crises.

In general, the intension is to have a physically and mentally strong working environment and build the cooperation on true respect for and interest in one another.

#### Actions in the financial year

BHJ A/S recognizes that the involvement of the employees contributes to the future success of the business. A core focus is continuously to develop the competences of the employees to comply with job requirements and needs. In BHJ A/S, the opinion is that to grow the business, creating results and shaping the future, the employees are the most important asset.

To maintain and develop the necessary skills, we have during the previous 5 years had a training and coaching program in BHJ A/S for the managers and white collars. Every second year we have a survey being done to evaluate the outcome. Both business and people drivers are being measured. The last survey was completed in 2021.



## MANAGEMENT REPORT

Beside we have held workshops for all managers and some employees to strengthen the culture in the company.

In 2021 we have continued a strong focus on health and safety through our health and safety organization across all sites in BHJ A/S. The focus of this work has been to eliminate accidents on the sites and to improve the working environment.

In 2021 it was the plan to start an initiative around employee development and training for the hourly paid employees. However, due to Covid-19 this has not started yet. There is a clear expectation that the process will be initiated in 2022.

### Results in the financial year

The overall global result of the Culture Survey 2021 showed an increase on the score compared to the last survey in 2019. After the survey managers participated in global training to gain new skills and mindset supporting the realization of our strategy within our mission and vision. As a side effect we have got a better cooperation internally as well as employees have got a more holistic understanding of our business.

### Expectations for the future

The aim is to decrease the numbers of accidents at BHJ A/S and to keep the numbers of reported work-related stress cases at a low level. The figures will be followed in the years to come.

## ***Anti-corruption***

### Material risks

The main risks that BHJ A/S faces regarding anticorruption is to ensure that employees and business relations act in accordance with the instructions. With appropriate policies and guidelines in place and focus on communication of these internally, the risks are considered to be low

### Policy:

BHJ A/S work against all kinds of corruption.

### Actions in the financial year

There are not established any specific activities or efforts regarding anti-corruption, but clear instructions are given on a continuous basis that participation in any kind of corruption is not acceptable.

### Results in the financial year

Until now, there is no knowledge about any kind of corruption.

### Expectations for the future

The expectation for the future is that BHJ A/S will continue not to participate in any kind of corruption

## MANAGEMENT REPORT

### ***COVID-19***

#### Policy:

BHJ A/S does not have a direct policy but leans heavily on the recommendations from the authorities.

#### Actions in the financial year

Based on the authorities' recommendations, 2021 starts with several restrictions:

- Increased cleaning
- Face masks
- Home working as much as possible
- Distance requirements
- No work-related travel
- Online meetings with external guest, instead of physical meetings (when possible)
- Staggered meeting time and no physical contact between the different shifts at our plants

During the spring / summer when the situation seems to get a little under control, some restrictions are reduced:

- No more face masks
- Work travel is "allowed" but needs to be cleared with relevant manager.
- Physical meeting with external guests is allowed, but they will be registered with name, company name and phone number when arriving.

The following restrictions continue to apply:

- Keeping the distance
- Fewer people in the canteen and in meeting rooms
- One way through the kitchen
- Production continuous to have restrictions on visits.

In late summer, when the COVID-19 situation seems to be under control, all restrictions are reduced.

Towards year end alongside the increase of covid-19 coincidences, the following restrictions are introduced:

- Corona-passport is mandatory for everybody in the offices and production- also external guests
- Reintroduction of restrictions in the canteen and meeting rooms.

#### Results in the financial year

Difficult to say, but we came through the year relatively easy, so we think our actions have worked.

#### Expectations for the future

BHJ A/S will continue to look and follow the authorities' recommendations and based on the development at the end of the year, the following restrictions will apply at the beginning of the year:

- Reintroduction of face masks when employees leave own department
- Kept the mandatory Corona passport for all employees and guests
- If symptoms - stay home.

## **MANAGEMENT REPORT**

### **Management structure and gender quota**

The management structure of BHJ A/S consists of a board of directors appointed at the annual general meeting of four members and a management team of two.

The gender quota of the board of directors of BHJ A/S is based on a desire to have both male and female board members. With four board members, the objective of at least 25% of each gender on the board has been achieved.

The appointment of other managers is based on a desire to have an as efficient organization as possible. In our opinion, this is best done by promoting everyone's possibilities for further development – regardless of age, gender etc. When appointing someone within the organization to a management position, the policy is to have both male and female applicants. The distribution of male/female managers in 2021 were 64% / 36%. For comparison, the distribution in 2020 were 68% / 32%.

### **Data ethics**

In 2021, BHJ A/S has not had a data ethics policy. However, it is something which have been dealt with a lot in connection with the entire GDPR work, including the preparation of a data protection policy and a GDPR and IT security policy. In BHJ A/S's work with data protection, there is a strong focus on protecting the individual customer's or the individual employee's data. There is a confidentiality and security team across the BHJ Group globally. This team must handle situations where serious data breaches occur. All data breaches are being recorded, even the minor ones. If serious data breaches occur, they are reported to the local data authorities.

The plan for 2022 is to prepare a data ethics policy. This policy will contain and describe the anchoring in the organization of data ethics issues and how everyone will be trained in the data ethics guidelines for the company.

## MANAGEMENT STATEMENT

The Board of Directors and the Management have today discussed and approved the annual report of BHJ A/S for the financial year 1 January – 31 December 2021.

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

It is our opinion that the annual report gives a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January – 31 December 2021.

We also consider the management report to give a true and fair view of the development of the company's operations and financial matters, and the results of the company's operations and financial position.

We recommend that the annual report be adopted at the annual general meeting.

Gråsten, 24 June 2022

### Management:



Asger S. Jacobsen



Torben Matzen

### Board of Directors:



Vilhelm Hald-Christensen  
(Chairman)

Christine J. Lauridsen

Duane Everett Willey

John F. Wheeler

## **INDEPENDENT AUDITOR'S REPORT**

**To the shareholder of BHJ A/S**

### **Opinion**

We have audited the financial statements of BHJ A/S for the financial year 1 January – 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations 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 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 our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### **Management's responsibility 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 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 financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditors' responsibility for the audit of the financial statements**

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

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

Identify and assess the risks of material misstatement of the 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

## INDEPENDENT AUDITOR'S REPORT

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 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 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 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 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 Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, 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's review

Management is responsible for the Management's review.

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

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

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

Based on the work performed, we conclude that the 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 the Management's review.

Sønderborg, 24 June 2022

EY GODKENDT REVISIONSPARTNERSELSKAB

CVR no. 30 70 02 28



Christian S. Christiansen

State Authorized  
Public Accountant  
mne 32171

## ACCOUNTING POLICIES

The annual report of BHJ A/S for 2021 has been prepared in accordance with the provisions applying to large reporting class C entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

In accordance with the Danish Financial Statements Act section 86, sub-section 4 no cash flow statement has been prepared.

In accordance with the Danish Financial Statements Act section 112, sub-section 1 no Consolidated Financial Statement has been prepared. The financial Statement for BHJ A/S and its subsidiaries is included in the Consolidated Financial Statements for LGI International Holding S.á r.l.

### Foreign currency translation

On initial recognition, transactions in foreign currencies are translated into Danish kroner at the exchange rate ruling at the transaction date or, if hedging contracts have been entered, at the contract rate. Exchange differences arising between the date of initial recognition and the date of payment are recognized in the income statement under financial income or expenses.

Receivables, payables, and other monetary items denominated in foreign currencies that have not been settled on the balance sheet date are translated at closing rates. The difference between the exchange rate ruling at the balance sheet date and the exchange rate at the time where the receivable or payable arose or was recognized in the latest financial statements is recognized in the income statement as financial income or expenses.

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at average exchange rates for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

### Derivative financial instruments

Derivative financial instruments are initially recognized in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivatives financial instruments are recognized under other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments that are designated as and qualify as fair value hedges of a recognized asset or a recognized liability are recognized in the income statement together with any changes in the value of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognized directly in equity. Income and expenses relating to such hedge transactions are transferred from equity on realization of the hedged item and recognized in the same item as the hedged item.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement on a current basis.

Shareholdings in foreign subsidiaries and associates are not hedged.

## **ACCOUNTING POLICIES**

### **INCOME STATEMENT**

#### **Revenue**

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. Income recognition is based on invoiced sales less goods returned, and discounts granted in connection with sales. Sales are mainly invoiced on shipment. Refunds received from the EU are included in revenue.

#### **Cost of sales**

The cost of sales comprises the purchase price or production costs of goods sold during the financial year. The cost of sales includes the prices of raw materials, consumables, direct wage costs and production overheads such as maintenance costs and depreciation charges for production plant, operating costs, plant management and administrative costs.

#### **Product development**

The most important costs incurred for product development are the remuneration of development staff and the cost of premises. Costs are charged directly to the income statement.

Product development includes development of new products and new applications for existing products.

#### **Selling and distribution costs**

Selling and distribution costs include the costs of sales staff, advertising and exhibition costs, and similar costs, including depreciation, bad debts and movements in provisions for bad debts.

#### **Administrative expenses**

Administrative expenses include the costs of administrative staff, management, office premises, office expenses, and similar expenses, including depreciation.

#### **Other operating income and expenses**

Other operating income and expenses comprise items secondary to the entities' activities, including gains and losses on disposal of intangible assets and items of property, plant and equipment.

#### **Profit from investments in subsidiaries and associates**

The income statement includes the proportionate share of the profit or loss of each individual subsidiary after full elimination of intercompany gains/losses and deduction of goodwill amortization.

The proportionate share of the profit or loss of associates is recognized in the income statement.



## ACCOUNTING POLICIES

### **Financial income and expenses**

Financial income and expenses include interest income and expenses, gains and losses on securities, payables and transactions in foreign currencies, amortization of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

### **Tax on the profit for the year**

The company is subject to the Danish rules on mandatory joint taxation of LGI Denmark ApS' Danish subsidiaries. Subsidiaries are included in the joint taxation scheme from the date when they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company, LGI Denmark ApS, acts as administration company for the joint taxation scheme and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year – comprising the year's joint taxation contributions and changes in deferred tax (including result of changes in tax rates) – is recognized in the income statement where it relates to the profit/loss for the year, and directly in equity where it relates to items recognized directly in equity.

## BALANCE SHEET

### **Intangible assets**

Acquired intangible assets are measured at cost less accumulated amortization and impairment losses.

#### *Software*

Software is amortized over a period of 3 years.

#### *Rights*

Rights acquired in connection with company acquisitions are amortized over a period of 5-10 years.

### **Property, plant, and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost encompasses the purchase price and costs directly associated with the purchase until the time when the asset is ready to be brought into use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages and salaries directly attributable to the construction of the individual asset

## ACCOUNTING POLICIES

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	16-39 years
Installations	12 ½-15 years
Plant and machinery	5-10 years
Operating assets and equipment	3-5 years

Depreciation is recognized in the income statement under production costs, distribution costs, administrative expenses, and other operating expenses.

Property, plant, and equipment is written down to the lower of the recoverable amount and the carrying amount.

Gains and losses on the disposal of items of property, plant, and equipment are calculated as the difference between the selling price less selling costs, including costs of dismantling or re-establishment, and the carrying amount at the date of disposal. Such gain or loss are recognized in the income statement as “Other operating income” or “Other operating expenses”, respectively.

Grants received in connection with the acquisition of fixed assets are set off against the value of the asset and recognized as income concurrently with the amortization of the asset.

### **Investments**

#### ***Investments in subsidiaries and associates***

Investments in subsidiaries and associates are measured according to the equity method.

Investments in subsidiaries and associates are measured in the balance sheet at the proportionate share of the companies’ net asset value calculated in accordance with the parent company’s accounting policies less or plus any unrealised intra-group gains and losses and plus any residual amount of goodwill.

Investments in subsidiaries and associates with negative net asset values are measured at DKK 0 (nil). If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognized under provisions.

The net revaluation of investments in subsidiaries and associates is recognized under equity as “Re-valuation reserve based on the equity method” to the extent that the carrying amount exceeds the acquisition cost.

Acquisitions are accounted for using the purchase method, according to which identifiable assets and liabilities of companies acquired are measured at fair value at the time of acquisition.

#### ***Other securities***

Other unlisted securities acquired as an investment are stated at cost.

Realised capital gains or losses as well as impairment losses are included in the income statement.

## ACCOUNTING POLICIES

### **Inventories**

Inventories are measured at cost in accordance with the FIFO method. Where the net realizable value is lower than cost, inventories are written down to this lower value.

The cost of goods for resale and raw materials and consumables includes the average purchase price plus transport costs.

The cost of finished goods comprises the cost of raw materials, consumables, direct labour and indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery used in the manufacturing process as well as costs of factory administration and management.

The net realizable value of inventories is calculated as the selling price less costs incurred in making the sale, and is determined based on marketability, obsolescence and changes in the expected selling price.

### **Receivables**

Receivables are measured at amortized cost.

Receivables are written down for anticipated loss.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognized if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognized on an individual basis.

### **Prepayments**

Prepayments recognized under current assets comprise expenses incurred concerning subsequent financial years.

### **Equity**

#### ***Reserve for net revaluation according to the equity method***

Net revaluation of investments in subsidiaries and associates is recognized at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realization of investments or a change in accounting estimates.

The reserve cannot be recognized at a negative amount.

#### ***Hedging reserve***

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The hedging reserve does not represent a limitation under company law and may therefore be negative.

## ACCOUNTING POLICIES

### *Dividend*

Proposed dividend is recognized as a liability when adopted by the shareholders at the general meeting. Dividend expected to be paid in respect of the year are stated as a separate line item under equity.

### **Income tax and deferred tax**

Current tax payables and receivables are recognized in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint taxation contributions payable and receivable are recognized in the balance sheet under receivables from or payables to group enterprises.

Deferred tax is calculated according to the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes.

Deferred tax assets, including the tax value of any tax loss carried forward, are recognized at the expected value of their utilization, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallize as current tax. Changes in deferred tax resulting from changes in tax rates are recognized in the income statement.

### **Other provisions**

Other provisions comprise anticipated costs relating to complaints, etc. Provisions are recognized when, as a consequence of a past event, the company has a legal or constructive obligation, and it is likely that the obligation will require an outflow of the company's financial resources.

### **Liabilities**

Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, financial liabilities are recognized at amortized cost. The difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other liabilities are measured at amortized cost.

## SEGMENT INFORMATION

Information is disclosed by turnover on business segments and geographical segments. The segment information follows the company's accounting policies, risks and internal financial management.

## **ACCOUNTING POLICIES**

### **FAIR VALUE**

Fair value is determined based in the principal market. If no principal market exists, the fair value is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

Level 1: Value based on the fair value of similar assets/liabilities in an active market.

Level 2: Value based on generally accepted valuation methods on the basis of observable market information.

Level 3: Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.

### **KEY RATIOS**

#### **Operating margin**

Operating profit (EBIT) as a percentage of revenue.

#### **Return on capital employed (ROCE)**

Operating profit (EBIT) divided by the average capital employed (Working capital + Fixed assets).

#### **Return on equity**

Profit for the year attributable to the group as a percentage of average equity (excl. non-controlling interests).

#### **Debt ratio**

Interest-bearing debt (mortgages and loans as well as bank loans and overdrafts) divided by equity (excl. non-controlling interests).

#### **Equity ratio at year-end**

Equity (excl. non-controlling interests) divided by total assets.

**BHJ A/S****Income statement for the year ended 31 December 2021**

Note		<b>2021</b>	<b>2020</b>
		DKK '000	DKK '000
1	<b>Revenue</b>	<b>1.840.604</b>	<b>1.680.203</b>
2, 8	Goods consumed and cost of sales	(1.600.016)	(1.491.777)
	<b>Gross profit</b>	<b>240.588</b>	<b>188.426</b>
	Product development costs	(8.595)	(7.445)
2, 8	Selling and distribution costs	(87.008)	(71.114)
2, 8	Administrative expenses	(78.547)	(66.155)
	<b>Profit from ordinary activities</b>	<b>66.438</b>	<b>43.712</b>
	Other operating income	18.257	6.797
8	Other operating costs	(12.049)	(12.229)
	<b>Operating profit (EBIT)</b>	<b>72.646</b>	<b>38.280</b>
3	Share of profit in group enterprises	(1.903)	(3.360)
4	Financial income	4.706	46.489
5	Financial expenses	(3.251)	(5.103)
	<b>Profit before tax</b>	<b>72.198</b>	<b>76.306</b>
6	Tax on profit	(15.738)	(8.813)
	<b>Profit for the year</b>	<b>56.460</b>	<b>67.493</b>
	Proposed allocation of the profit for the year:		
	Proposed dividend	55.000	50.000
	Retained earnings	1.460	17.493
		<b>56.460</b>	<b>67.493</b>

**BHJ A/S****Balance sheet at 31 December 2021**

Note	2021 DKK '000	2020 DKK '000	
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
7	<b>Intangible assets</b>		
	Software	4.126	4.550
	Rights	10.281	13.214
		<b>14.407</b>	<b>17.764</b>
8	<b>Property, plant and equipment</b>		
	Land and buildings	72.660	44.000
	Plant and machinery	108.125	82.320
	Fixtures and fittings, tools and equipment	5.082	4.673
	Property, plant and equipment under construction	2.278	49.083
		<b>188.145</b>	<b>180.076</b>
	<b>Investments</b>		
3	Investments in group enterprises	4.379	6.322
9	Other securities	10	10
9	Receivables from group enterprises	698	22.470
		<b>5.087</b>	<b>28.802</b>
	<b>Total fixed assets</b>	<b>207.639</b>	<b>226.642</b>
	<b>Current assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	8.848	6.341
	Finished goods	169.747	143.383
	Prepayment of goods	16.002	7.904
		<b>194.597</b>	<b>157.628</b>
	<b>Receivables</b>		
	Trade receivables	159.535	161.815
	Receivables from group enterprises	180.265	108.355
	Receivables from associates	1.439	187
10	Capitalised deferred tax	-	4.076
	Other receivables	26.292	27.683
11	Prepayments	12.742	5.913
		<b>380.273</b>	<b>308.029</b>
	<b>Cash</b>	<b>1.532</b>	<b>5.778</b>
	<b>Total current assets</b>	<b>576.402</b>	<b>471.435</b>
	<b>Total assets</b>	<b>784.041</b>	<b>698.077</b>

**BHJ A/S****Balance sheet at 31 December 2021**

Note		<b>2021</b>	<b>2020</b>
		DKK '000	DKK '000
	<b>LIABILITIES AND EQUITY</b>		
	<b>Equity</b>		
	Share capital	48.000	48.000
	Retained profit	204.390	202.970
	Hedging reserve	(838)	321
	Proposed dividend	55.000	50.000
	<b>Total equity</b>	<b>306.552</b>	<b>301.291</b>
	<b>Provisions</b>		
10	Deferred tax	2.828	-
12	Other provisions	5.516	3.780
	<b>Total provisions</b>	<b>8.344</b>	<b>3.780</b>
	<b>Debt</b>		
	<b>Short-term debt</b>		
	Bank loans and overdrafts	98.005	92.362
	Trade payables	105.304	79.327
	Payables to group enterprises	161.786	116.019
	Payables to associates	31.043	11.195
	Other debt	73.007	94.103
		<b>469.145</b>	<b>393.006</b>
	<b>Total debt</b>	<b>469.145</b>	<b>393.006</b>
	<b>Total liabilities and equity</b>	<b>784.041</b>	<b>698.077</b>
13	<b>Special items</b>		
14	<b>Contingent liability</b>		
15	<b>Currency and interest rate risks and use of derivative financial instruments</b>		
16	<b>Other commitments</b>		
17	<b>Related parties</b>		



**BHJ A/S****Statement of changes in equity at 31 December 2021**

	Contributed capital DKK '000	Retained earnings DKK '000	Hedging reserve DKK '000	Proposed dividend DKK '000	Total DKK '000
<b>Balance at 31 December 2019</b>	<b>48.000</b>	<b>185.535</b>	<b>(28)</b>	<b>35.000</b>	<b>268.507</b>
Dividend declared	-	-	-	(35.000)	(35.000)
Retained earnings	-	17.493	-	50.000	67.493
Value adjustment of future cash flows	-	-	349	-	349
Exchange difference on foreign group enterprises	-	(58)	-	-	(58)
<b>Balance at 31 December 2020</b>	<b>48.000</b>	<b>202.970</b>	<b>321</b>	<b>50.000</b>	<b>301.291</b>
Dividend declared	-	-	-	(50.000)	(50.000)
Retained earnings	-	1.460	-	55.000	56.460
Value adjustment of future cash flows	-	-	(1.159)	-	(1.159)
Exchange difference on foreign group enterprises	-	(40)	-	-	(40)
<b>Balance at 31 December 2021</b>	<b>48.000</b>	<b>204.390</b>	<b>(838)</b>	<b>55.000</b>	<b>306.552</b>

The share capital comprises 2,400,000 shares with a nominal value of DKK 20 each.

## BHJ A/S

### Notes to the accounts for the year ended 31 December 2021

#### 1 Revenue

For competitive reasons, the distribution of BHJ A/S' net revenue on main activities is not mentioned.

	<b>2021</b>	<b>2020</b>
	DKK '000	DKK '000
Geographical distribution of revenue:		
Scandinavia	276.286	383.437
Western Europe	797.106	579.039
Eastern Europe	311.596	238.536
The Far East	277.065	330.899
North America	141.894	123.616
Rest of the world	36.657	24.676
	<b>1.840.604</b>	<b>1.680.203</b>

#### 2 Staff costs

Wages, salaries and related costs:

Wages and salaries	212.463	199.099
Pension contributions	15.230	14.359
Other social security costs	4.363	3.546
	<b>232.056</b>	<b>217.004</b>

Staff costs are included in the following items:

Cost of sales	129.247	119.118
Selling and distribution costs	55.241	56.731
Administrative expenses	47.568	41.155
	<b>232.056</b>	<b>217.004</b>

Of which remuneration to the Management and Board of Directors of the parent company:

Management	9.504	7.733
Management and Board of Directors	<b>9.504</b>	<b>7.733</b>
Average number of employees	<b>360</b>	<b>346</b>

**BHJ A/S****Notes to the accounts for the year ended 31 December 2021**

	<b>2021</b>	<b>2020</b>
	DKK '000	DKK '000
<b>3 Result and investments in group enterprises</b>		
Cost at 1 January	26.669	26.085
Additions	-	584
Cost at 31 December	26.669	26.669
Value adjustment at 1 January	(20.347)	(16.929)
Share of profit	(1.903)	(3.360)
Exchange difference	(40)	(58)
Value adjustment at 31 December	(22.290)	(20.347)
<b>Carrying amount at 31 December</b>	<b>4.379</b>	<b>6.322</b>

		Contributed capital	Share
Company:			
BHJ Germany GmbH, Germany	EUR '000	100	100%
TM Petfood ApS, Denmark	DKK '000	125	100%
Pet-Rus ApS, Denmark	DKK '000	125	100%
Hoejmark Group A/S, Denmark	DKK '000	500	100%
Essentia Argentina S.A., Argentina	ARS '000	10.000	10%
BHJ Russia Aps, Denmark	DKK '000	125	1%
BHJ Russia Holding ApS, Denmark	DKK '000	50	5%

<b>4 Financial income</b>		
	<b>2021</b>	<b>2020</b>
	DKK '000	DKK '000
Interest receivable etc. from group enterprises	433	851
Other interest receivable and exchange gains	4.273	45.638
	<b>4.706</b>	<b>46.489</b>
<b>5 Financial expenses</b>		
Interest payable to group enterprises	91	-
Other interest payable and exchange losses	3.160	5.103
	<b>3.251</b>	<b>5.103</b>

**BHJ A/S**

**Notes to the accounts for the year ended 31 December 2021**

**6 Income tax**

	<b>2021</b>	<b>2020</b>
	DKK '000	DKK '000
The tax charge can be specified as follows:		
Tax on profit for the year:		
Tax charge for the year	7.087	6.835
Change in deferred tax	6.904	1.955
Adjustment tax previous year	1.618	77
Foreign withholding tax	34	44
<b>Total tax</b>	<b>15.643</b>	<b>8.911</b>
Tax is distributed as follows:		
Tax on ordinary profit	15.738	8.813
Tax on changes in equity	(95)	98
<b>Total tax</b>	<b>15.643</b>	<b>8.911</b>
Breakdown of tax rate (tax on ordinary profit):		
Danish corporation tax rate	22,0%	22,0%
Adjustment tax previous year	2,2%	0,1%
Non-deductible expenses and non-taxable income	-3,0%	-11,0%
	<b>21,2%</b>	<b>11,1%</b>

**7 Intangible assets**

	Software	Rights	Total
	DKK '000	DKK '000	DKK '000
Cost at 1 January	8.935	20.014	28.949
Additions	1.878	-	1.878
Cost at 31 December	10.813	20.014	30.827
Amortisation and write-downs at 1 January	4.385	6.800	11.185
Amortisation during the year	2.302	2.933	5.235
Amortisation and write-downs at 31 December	6.687	9.733	16.420
<b>Carrying amount at 31 December</b>	<b>4.126</b>	<b>10.281</b>	<b>14.407</b>
		<b>2021</b>	<b>2020</b>
		DKK '000	DKK '000
Depreciation is included in the following items:			
Cost of sales		-	231
Selling and distribution costs		2.933	2.751
Administrative expenses		2.302	2.322
		<b>5.235</b>	<b>5.304</b>

BHJ A/S

Notes to the accounts for the year ended 31 December 2021

8 Property, plant and equipment

	Land and buildings DKK '000	Plant and machinery DKK '000	Fixtures and fittings, tools and equipment DKK '000	Tangible fixed assets under construction DKK '000	Total DKK '000
Cost at 1 January	243.506	359.667	24.401	49.083	676.657
Additions	8.444	16.227	1.870	2.278	28.819
Transferred	25.710	23.373	-	(49.083)	-
Reclassification	1.404	(1.404)	-	-	-
Disposals at cost	(147)	(61.794)	(1.269)	-	(63.210)
Cost at 31 December	278.917	336.069	25.002	2.278	642.266
Depreciation and write-downs at 1 January	199.506	277.347	19.728	-	496.581
Reclassification	141	(141)	-	-	-
Depreciation and write-downs on disposals	(147)	(61.794)	(1.269)	-	(63.210)
Depreciation and write-downs during the year	6.757	12.532	1.461	-	20.750
Depreciation and write-downs at 31 December	206.257	227.944	19.920	-	454.121
<b>Carrying amount at 31 December</b>	<b>72.660</b>	<b>108.125</b>	<b>5.082</b>	<b>2.278</b>	<b>188.145</b>

	2021 DKK '000	2020 DKK '000
Depreciation is included in the following items:		
Cost of sales	18.206	14.818
Selling and distribution costs	-	209
Administrative expenses	2.500	1.885
Other operating expenses	44	44
	<b>20.750</b>	<b>16.956</b>

9 Other securities, receivables from group enterprises and other receivables

	Other securities DKK '000	Receivables from group enterprises DKK '000
Cost at 1 January	1.029	22.470
Disposals	(1.019)	(21.772)
Cost at 31 December	10	698
Adjustments at 1 January	(1.019)	-
Disposal	1.019	-
Adjustments at 31 December	-	-
<b>Carrying amount at 31 December</b>	<b>10</b>	<b>698</b>

**BHJ A/S****Notes to the accounts for the year ended 31 December 2021****10 Capitalised deferred tax**

	<b>2021</b>	<b>2020</b>
	DKK '000	DKK '000
Balance at 1 January	4.076	6.031
Change during the year	(6.904)	(1.955)
<b>Balance at 31 December</b>	<b>(2.828)</b>	<b>4.076</b>
Capitalised deferred tax relates to:		
Buildings	2.293	2.540
Plant and equipment	(640)	1.789
Inventories	(3.124)	141
Receivables	-	119
Other items, provisions	(1.357)	(513)
	<b>(2.828)</b>	<b>4.076</b>

Deferred tax primarily appears from difference in accounting and fiscal depreciable lives. Management considers it likely that there will be future taxable income against which tax deductions can be offset.

**11 Prepayments**

	<b>2021</b>	<b>2020</b>
	DKK '000	DKK '000
Other items	12.742	5.913
	<b>12.742</b>	<b>5.913</b>

**12 Other provisions**

	<b>2021</b>	<b>2020</b>
	DKK '000	DKK '000
Balance at 1 January	3.780	562
Additions	5.516	3.597
Disposals	(3.780)	(379)
<b>Balance at 31 December</b>	<b>5.516</b>	<b>3.780</b>

Other provisions are primarily related to warranties.

**13 Special items**

Special items comprise significant income and expenses of a special nature relative to the Company's revenue-generating operating activities, e.g. expenses incurred for extensive structuring of processes and basic structural adjustments as well as any related disposal gains and losses, that have a material impact over time. Special items also comprise significant one-off items.

As disclosed in the Management's review, the profit for the year is affected by a one-off income from sales of securities. As Management does not consider this matter part of the operating activities, it has been included in this note.

Special items for the year are specified below, including the line items in which they are recognised in the income statement.

	<b>2021</b>	<b>2020</b>
	DKK '000	DKK '000
<b>Income</b>		
Gain on securities sold	-	40.010
<b>Special items are recognised in the below line items</b>		
Financial income	-	40.010
<b>Net profit from special items</b>	<b>-</b>	<b>40.010</b>

## BHJ A/S

### Notes to the accounts for the year ended 31 December 2021

#### 14 Contingent liability

The company is jointly taxed with LGI Denmark ApS' consolidated companies. Together with the jointly taxed companies, the company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the jointly taxed group.

##### *Operating lease obligations*

Lease obligations (operating leases) falling due within 5 years total DKK 8,580k (2020: DKK 5,201k).

#### 15 Currency and interest rate risks and use of derivative financial instruments

BHJ uses hedging instruments such as forward exchange contracts, exchange rate options and interest rate swaps to hedge recognised and non-recognised transactions. Amount in Euro are not hedged.

Exchange risks associated with net investments in foreign subsidiaries are not hedged. The need for such hedging is monitored and assessed in an ongoing process.

The BHJ group mainly has floating rate interest-bearing debt. An assessment of the need for hedging of interest rate risk is made on an ongoing basis. There are no current hedging.

Baseline for foreign currency exposure hedging are assets and liabilities of BHJ A/S, whereas exposures are consolidated.

Transactions in the below summary of recognised and non-recognised transactions are based on assets and liabilities of BHJ A/S.

##### *Recognised transactions*

Hedging of recognised transactions primarily includes receivables and payables.

Currency	Receivables	Payables	Bank- and Intercompany lending	Hedged using forward exchange rate contracts	Net positions
AUD	-	-	(7)	-	(7)
CAD	1.407	-	(846)	-	561
CNY	-	-	(381)	(1.915)	(2.296)
GBP	15.318	(827)	9.195	(34.188)	(10.503)
HUF	-	-	(20.466)	21.648	1.182
JPY	7.667	(20)	(4.385)	(5.783)	(2.520)
NOK	51	(459)	(418)	293	(532)
NZD	82	3.947	(22.853)	18.529	(294)
PLN	1.174	(5.370)	(25.690)	26.530	(3.356)
RON	-	-	84	-	84
RUB	11	-	714	-	725
SEK	383	(378)	(42.036)	40.045	(1.986)
SGD	15	(413)	(2.107)	-	(2.505)
USD	34.030	(3.842)	(23.317)	(5.122)	1.750

Hedging of recognised transactions have a maturity of less than 1 year.

## BHJ A/S

### Notes to the accounts for the year ended 31 December 2021

#### *Non-recognised transactions*

BHJ A/S uses forward exchange contracts to hedge expected currency risks relating to sale and purchase of goods in the coming year.

BHJ has entered foreign exchange contracts for hedging of future sale and purchase of goods in EUR, GBP, JPY, NOK, NZD, PLN, and USD of totally DKK 72,428k.

Compared to the forward exchange rate on the balance sheet date the foreign exchange contracts have a negative fair value of DKK 2.729k. The fair value is based on level 2 in the fair value hierarchy: "Generally accepted valuation methods on the basis of observable market information". The change in fair value is recognized with DKK 1.592k before tax in equity and with an unrealized effect of DKK -1.594k in the income statement.

#### **16 Other commitments**

The Company has, together with LGI Denmark ApS and LGI Denmark Invest ApS, entered a suretyship of DKK 550 mio. towards Sydbank A/S.

#### **17 Related parties**

Related party with controlling influence on the company is LGI Denmark ApS, Gråsten, and The Lauridsen Group Inc., Iowa, USA.

Related parties with significant influence comprise group enterprises and associates as well as members of the Board of Directors, the Management and the managements of group enterprises and associates.

During the year, transactions were made with group enterprises and associates. Intragroup transactions have been eliminated in the consolidated financial statements.

Transactions with the Management and Board of Directors comprise management remuneration, which is disclosed in note 2.

Transactions with related parties have been made in terms of commercial conditions.

BHJ A/S is included in the consolidated accounts for LGI International Holding S.a.r.l., Luxembourg. The consolidated financial statement are obtainable from the Danish Business Authority via the parent company LGI Denmark ApS.