Cargill Nordic A/S

Vandtårnsvej 62B
2860 Søborg
Denmark

CVR no. 11 92 10 19

Annual report 2020/21

The annual report was presented and approved at the Company's annual general meeting on

15 November 2021

Ralf Møller Larsen
chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Cargill Nordic A/S for the financial year 1 June 2020 – 31 May 2021.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 May 2021 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 June 2020 – 31 May 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's operations and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

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

Søborg, 15 November 2021
Executive Board:

Ralf Møller Larsen

Board of Directors:

Tom Henning Karlsson Chairman	Ludger Georg Te Laak	Vagn Nielsen Lind

Ralf Møller Larsen

Independent auditor's report

To the shareholder of Cargill Nordic A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Cargill Nordic A/S for the financial year 1 June 2020 – 31 May 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 May 2021 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 June 2020 – 31 May 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

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

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these consolidated financial statements and parent company financial statements.

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

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

Independent auditor's report

In connection with our audit of the consolidated financial statements and the parent company 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 consolidated financial statements or the parent company financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 15 November 2021
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Martin Eiler
State Authorised
Public Accountant
mne32271

Management's review

Company details

Cargill Nordic A/S
Vandtårnsvej 62B
2860 Søborg
Denmark

CVR no.:	11 92 10 19
Established:	6 October 1914
Registered office:	Søborg
Financial year:	1 June – 31 May

Board of Directors

Tom Henning Karlsson, Chairman
Ludger Georg Te Laak
Vagn Nielsen Lind
Ralf Møller Larsen

Executive Board

Ralf Møller Larsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Financial highlights for the Group

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
Key figures					
Revenue	1,031,383	1,346,475	1,577,606	1,451,349	1,441,314
Operating profit/loss	4,090	18,739	40,639	18,558	19,288
Profit/loss for the year	-4,515	16,095	34,317	13,969	22,544
Fixed assets	14,361	21,737	24,199	22,715	28,452
Current assets	404,714	459,267	441,346	479,594	398,657
Total assets	419,075	481,004	465,545	502,309	427,109
Contributed capital	29,000	29,000	29,000	29,000	29,000
Equity	404,051	408,618	392,619	361,243	348,451
Current liabilities other than provisions	13,845	69,179	70,484	141,066	78,657
Cash flows from operating activities	-153	-7,388	-5,185	-11,816	-14,244
Cash flows from investing activities	0	7,057	5,579	11,093	9,238
Cash flows from financing activities	0	0	0	0	0
Total cash flows	-153	-331	394	-723	-5,006
Ratios					
Gross margin	2.0%	2.6%	3.1%	2.4%	1.8%
Operating margin	0.4%	1.4%	1.8%	1.3%	1.3%
Return on invested capital	8.3%	8.3%	8.3%	5.2%	6.0%
Return on equity	-1.1%	4.0%	6.6%	5.2%	5.7%
Solvency ratio	96.4%	85.0%	84.3%	75.2%	815.0%
Average number of full-time employees	14	14	15	16	16

The financial ratios have been calculated as follows:

Gross margin	Gross profit x 100 / Revenue
Operating margin	Operating profit/loss x 100 / Revenue
Return on invested capital	Operating profit/loss * 100 / Average invested capital
Return on equity	Profit/loss from ordinary activities after tax x 100 / Average equity
Solvency ratio	Equity ex. non-controlling interests at year end x 100 / Total equity and liabilities at year end

Management's review

Operating review

The Group's principal activities

The Group's principal activities consist of importing and marketing maize, wheat and potato-based starch and sweets products. Sale mainly takes place on the Nordic markets. The principal buyers of the products are the paper and food ingredient industries as well as the feed and protein industries.

Since Jan 1st 2021 the Company has acted as service provider for Cargill NV for distribution business for the Nordic Area.

Development in activities and financial position

Profit/loss for the year

The net result for 2020/21 ended with a loss of DKK 4,515 thousand (LY: profit of DKK 16,095 thousand). The decrease is primarily caused by lower operating profit (DKK 14,649 thousand) due to the changed business model (cf. next section) and from reduced income from the investment in Cargill-AKV I/S (DKK 12,067 thousand) from lower sale.

The equity amounts to DKK 404,051 thousand as at 31 May 2021 (LY: DKK 408,618 thousand).

Since Jan 1st 2021, distribution business for the Nordic Area has transferred to the Master Distributor in Europe; Cargill NV in Belgium. This change will simplify doing business with Cargill for our customers in Europe.

This structural change in business model, of course, has noticeable consequences on business activity, which is why in the financial year, we see declining revenue and declining earnings. This also applies to activity in subsidiaries.

Cargill Nordic A/S will continue as service provider for Cargill NV and still hold the investment in participating interests; Cargill-AKV I/S - and continue to distribute products to the Master Distributor.

The result from investment in participating interests was impacted by the significant drop in customer demand as a result of the pandemic.

Outlook

The Management expects a loss for 2021/22 in line with the loss for 2020/21.

Particular risks

General risks

The Company is obligated to cover any solvency problems in Cerestar Scandinavia's pension fund which could occur as a result of the uncontrollable dynamic financial market conditions.

Apart from this, the Company has no particular risks other than usual business risks within its line of principal activities.

Currency risks

The company is hedging all currency risks, both balance sheet exposure and contract obligations.

Management's review

Operating review

Climate and environmental impact

The Company's operation includes transportation of maize, wheat and potato-based starch and sweets products to the users. The transportation and use of fossil energy is the Company's most significant factor in regards to climate and environmental impact.

We have carefully assessed the need for implementing specific policies for our climate and environmental impact, however being a company present in the Nordics, with little impact to the climate and where climate legislation is already imposed upon us through ambitious and comprehensive legislation, hence we see no need to further implement an individual company specific policy.

Human rights

We have carefully assessed the need for implementing specific policies for human rights, however being a company present in the Nordics, with little impact to human rights and where human rights legislation are already imposed upon us through ambitious and comprehensive legislation, we see no need to further implement an individual company specific policy.

Anti-corruption

We have carefully assessed the need for implementing specific policies for anti-corruption area. Being a company present in the Nordics, where this area is already strongly imposed upon us through ambitious and comprehensive legislation, we see no need to further implement an individual company specific policy.

Social and staff matters

We have carefully assessed the need for implementing specific policies for our social and staff matters, however being a company present in Denmark where legislation on the same matters are already imposed upon us through ambitious and comprehensive legislation, we see no need to further implement an individual company specific policy.

Target and policy for increasing the share of women in the Board of Directors and Management of Cargill Nordic A/S

The Company has less than 50 employees and is exempted for preparing a policy for the underrepresented gender at other levels than Management.

In 2015, the Board of Directors determined a target for the share of female members of the Board stating that 1 out of three members should be female in 2020. In 2020/21, the target was not achieved and the Board of Directors still consists of 4 male members. Considering the continuity of the Board, the Company aims to achieve the target before 2023.

Due to the unique Cargill Group board structure where the board members are employees of other group entities, it has been a challenge to mark progress in regards to our own underrepresented gender target for the Board. However, we remain committed to achieving the set target that one out of three members should be female in 2023.

Events after the balance sheet date

No events have occured after the balance sheet date that may affect the assessment of this anual report.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Income statement

		Group		Parent Company	
DKK'000	Note	2020/21	2019/20	2020/21	2019/20
Revenue	2	1,031,383	1,346,475	1,031,383	1,346,475
Changes in inventories of finished goods and work in progress		-994,980	-1,300,517	-998,667	-1,308,241
Other external costs		-16,136	-11,008	-23,375	-19,498
Gross profit		20,267	34,950	9,341	18,736
Staff costs	3	-16,177	-16,211	-9,575	-8,188
Operating profit/loss		4,090	18,739	-234	10,548
Income from investments in subsidiares	4	0	0	3,112	6,383
Income from participating interests	4	-7,376	4,691	-7,376	4,691
Other financial income		1	1	1	1
Other financial expenses	5	-2,327	-3,526	-1,924	-3,309
Profit/loss before tax		-5,612	19,905	-6,421	18,314
Tax on profit/loss for the year	6	1,097	-3,810	1,907	-2,219
Profit/loss for the year	7	-4,515	16,095	-4,514	16,095

Consolidated financial statements and parent company financial statements 1 June – 31 May

Balance sheet

		Group		Parent Company	
DKK'000	Note	31/5 2021	31/5 2020	31/5 2021	31/5 2020
ASSETS					
Fixed assets					
Investments	4				
Equity investments in group entities		0	0	48,872	45,812
Investments in participating interests		14,251	21,627	14,251	21,627
Deposits		110	110	110	110
		14,361	21,737	63,233	67,549
Total fixed assets		14,361	21,737	63,233	67,549
Current assets					
Inventories					
Finished goods and goods for resale		97	15,696	97	15,696
Receivables					
Trade receivables		461	260,340	461	260,340
Receivables from group entities		398,619	181,506	349,249	135,667
Other receivables		3,964	416	3,661	90
Corporation tax		143	0	143	0
Prepayments	8	1,020	747	962	726
		404,207	443,009	354,476	396,823
Cash at bank and in hand		410	562	304	425
Total current assets		404,714	459,267	354,877	412,944
TOTAL ASSETS		419,075	481,004	418,110	480,493

Consolidated financial statements and parent company financial statements 1 June – 31 May

Balance sheet

		Group		Parent Company	
DKK'000	Note	31/5 2021	31/5 2020	31/5 2021	31/5 2020
EQUITY AND LIABILITIES					
Equity					
Contributed capital	9	29,000	29,000	29,000	29,000
Reserve for net revaluation under equity method		9,245	16,621	58,057	62,373
Retained earnings		365,806	362,997	316,995	317,245
Total equity		404,051	408,618	404,052	408,618
Provisions					
Provisions for deferred tax	10	1,179	3,207	1,179	3,207
Total provisions		1,179	3,207	1,179	3,207
Liabilities other than provisions					
Current liabilities other than provisions					
Trade payables		822	6,102	761	6,093
Payables to group entities		8,220	43,897	8,298	44,959
Corporation tax		637	1,419	637	1,419
Other payables		4,166	17,761	3,183	16,197
		13,845	69,179	12,879	68,668
Total liabilities other than provisions		13,845	69,179	12,879	68,668
TOTAL EQUITY AND LIABILITIES		419,075	481,004	418,110	480,493

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Consolidated financial statements and parent company financial statements 1 June – 31 May

Statement of changes in equity

	Group			
DKK'000	Contributed capital	Reserve for net revaluation under equity method	Retained earnings	Total
Equity at 1 June 2019	29,000	19,083	344,536	392,619
Exchange adjustment	0	0	-96	-96
Transferred over the profit appropriation	0	4,691	11,404	16,095
Distributed dividends from investments in associates	0	-7,153	7,153	0
Equity at 1 June 2020	29,000	16,621	362,997	408,618
Exchange adjustment	0	0	-52	-52
Transferred over the profit appropriation	0	-7,376	2,862	-4,514
Equity at 31 May 2021	29,000	9,245	365,807	404,052

	Parent Company			
DKK'000	Contributed capital	Reserve for net revaluation under equity method	Retained earnings	Total
Equity at 1 June 2019	29,000	58,548	305,071	392,619
Exchange adjustment	0	-96	0	-96
Transferred over the profit appropriation	0	11,074	5,021	16,095
Distributed dividends from investments in associates	0	-7,153	7,153	0
Equity at 1 June 2020	29,000	62,373	317,245	408,618
Exchange adjustment	0	-52	0	-52
Transferred over the profit appropriation	0	-4,264	-250	-4,514
Equity at 31 May 2021	29,000	58,057	316,995	404,052

Consolidated financial statements and parent company financial statements 1 June – 31 May

Cash flow statement

		Group	
DKK'000	Note	2020/21	2019/20
Result for the year		-4,515	16,095
Other adjustments	14	6,279	-881
Cash flows from operations before changes in working capital		1,764	15,214
Changes in working capital	15	-934	-19,557
Cash flows from ordinary activities		830	-4,343
Corporation tax paid		-983	-3,045
Cash flows from operating activities		-153	-7,388
Dividends received		0	7,153
Exchange adjustment on capital		0	-96
Cash flows from investing activities		0	7,057
Cash flows for the year		-153	-331
Cash and cash equivalents at the beginning of the year		562	893
Cash and cash equivalents at year end		409	562

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies

The annual report of Cargill Nordic A/S for 2020/21 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

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

Consolidated financial statements

The consolidated financial statements comprise the Parent Company and subsidiaries which directly or indirectly holds more than 50% of the votes or in some other way exercises control. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates that are independent entities, the income statements are translated into Euro at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 **Accounting policies (continued)**

Income statement

Revenue

Income from the sale of goods and services is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of product sold

Cost of products sold is recognised in the income statement if delivery has taken place. The cost of products sold comprises the cost of goods for resale stated at cost, including freight, used to generate revenue.

Other external costs

Other external costs comprises costs for sales, supply chain, marketing, administration, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Income from equity investments in group entities and participating interests

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses.

The proportionate share of the individual participating interests's profit/loss after tax is recognised in the Group's and the Parent Company's income statements after elimination of a proportionate share of intra-group gains/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax 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 used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Equity investments in group entities and participating interests

Equity investments in group entities and participating interests are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities and participating interests with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities and participating interests is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report are not tied up in the revaluation reserve.

Impairment of fixed assets

The carrying amount of equity investments in group entities and associates is subject to an annual test for indications of impairment.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

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

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Other liabilities are measured at net realisable value.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of profit/loss for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

Consolidated financial statements and parent company financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

Assets in the segment comprise assets used directly in revenue-generating activities.

Segment liabilities comprise liabilities derived from the operations of the segment, including trade payables and other payables.

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DKK'000	Group 2020/21	Group 2019/20	Parent Company 2020/21	Parent Company 2019/20
2 Segment information				
Industrial	308,791	552,910	308,791	552,910
Food	180,009	339,935	180,009	339,935
Feed	535,354	453,630	535,354	453,630
Distribution (service provider)	7,229	0	7,229	0
	1,031,383	1,346,475	1,031,383	1,346,475
3 Staff costs				
Wages and salaries	12,924	13,143	7,707	6,537
Pensions	3,185	2,633	1,800	1,499
Other social security costs	68	435	68	152
	16,177	16,211	9,575	8,188
Average number of full-time employees	14	14	7	8

Pursuant to section 98 B(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors has not been disclosed.

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4 Investments

DKK'000	Group Particpating interests
Cost at 1 June 2020	5,006
Cost at 31 May 2021	5,006
Revaluations at 1 June 2020	16,621
Net profit/loss for the year	-7,376
Revaluations 31 May 2021	9,245
Carrying amount at 31 May 2021	14,251

	Parent Company	
DKK'000	Equity investments in group entities	Participating interests
Cost at 1 June 2020	60	5,006
Cost at 31 May 2021	60	5,006
Revaluations at 1 June 2020	45,752	16,621
Exchange adjustment	-52	0
Net profit/loss for the year	3,112	-7,376
Revaluations 31 May 2021	48,812	9,245
Carrying amount at 31 May 2021	48,872	14,251

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
Cargill Nordic Oy	Finland	100%	48,872	3,112
			48,872	3,112
Associates:				
Cargill-AKV I/S	Denmark	50%	28,502	-14,752
			28,502	-14,752

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5 Financial expenses

	Group		Parent Company	
DKK'000	2020/21	2019/20	2020/21	2019/20
Interest expense to group entities	2,541	2,283	2,144	2,072
Other financial costs	92	44	86	38
Exchange losses	-306	1,199	-306	1,199
	2,327	3,526	1,924	3,309

6 Tax on profit/loss for the year

Current tax	931	3,045	121	1,454
Deferred tax	-2,028	765	-2,028	765
	-1,097	3,810	-1,907	2,219

7 Proposed profit appropriation/distribution of loss

Reserve for net revaluation under equity method	-7,376	4,691	-4,264	11,074
Retained earnings	2,861	11,404	-250	5,021
	-4,515	16,095	-4,514	16,095

8 Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

9 Equity

The share capital consists of two shares of a nominal value of DKK 1,000,000 each, one share of a nominal value of DKK 20,000,000 and one share of a nominal value of DKK 7,000,000. The shares have not been divided into classes.

All shares rank equally.

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10 Deferred tax

	Group		Parent Company	
DKK'000	31/5 2021	31/5 2020	31/5 2021	31/5 2020
Deferred tax at 1 June	3,207	2,442	3,207	2,442
Deferred tax adjustment for the year in the income statement	-2,028	765	-2,028	765
	1,179	3,207	1,179	3,207
Deferred tax relate to:				
Property, plant and equipment	-1,438	-3,034	-1,438	-3,034
Current assets	299	-217	299	-217
Provisions	-40	44	-40	44
	-1,179	-3,207	-1,179	-3,207

11 Fees to auditor appointed at the general meeting

Statutory audit	317	320	286	290
Tax assistance	60	59	60	59
Non-audit services	46	45	46	45
	423	424	392	394

12 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with the Danish entities of the Cargill Group with Cargill Nordic A/S as the administrative company. The Company has unlimited joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties under the joint taxation scheme.

The Company is obligated to cover any unfunded pension liabilities in Cargill Nordic's pension fund. The equity in the pension fund is positive 31 may 2021 and no unfunded liability exist or is expected as at 31 May 2021. The risk of funding depends on future mortality - and disability factors and the financial performance of the pension fund which could change.

The Company has, through the joint-venture Cargill-AKV I/S, entered into a pro rata loan liability of 50% for a loan totalling DKK 115 million.

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Operating lease obligations

The Company has entered into a lease agreement for premises with a total lease payment of DKK 123 thousand.

The Company has entered into car leases at a total amount of DKK 549 thousand.

The Group has entered into a lease agreement for premises with a total lease payment of DKK 247 thousand.

13 Related party disclosures

Cargill Nordic A/S' related parties comprise the following:

Control

Cerestar Deutschland Holding GmbH, Cerestarstrasse 2, D-47747 Krefeld, Germany

Related party transactions

	Group
DKK'000	2020/21
Sales of goods	300,968
Sales of services	7,458
Purchase of goods	787,345
Purchase of services	10,023
Financing expenditure	2,135
Commission income	3,687
Commission expenditure	11,802

Dividends are disclosed under other notes and disclosures in the consolidated financial statements.

Consolidated financial statements

Cargill Nordic A/S is part of the consolidated financial statements of Cargill Incorporated, Minneapolis, MN-55400, Minnesota, USA, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of Cargill Incorporated can be obtained by contacting the Company at the above address.

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		Group	
	DKK'000	2020/21	2019/20
14	**Other adjustments**		
	Tax on profit for the year	-1,097	3,810
	Profit/loss recognised in the income statment from assosiates	7,376	-4,691
		6,279	-881
15	**Changes in working capital**		
	Change in inventories	15,599	-3,506
	Change in receivables	38,802	-14,746
	Change in trade and other payables	-55,335	-1,305
		-934	-19,557