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BAADER FOOD SYSTEMS DENMARK A/S

VESTERMØLLEVEJ 9M, 8380 TRIGE

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2021

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 24 May 2022**

Petra Baader

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COMPANY DETAILS

Company	BAADER Food Systems Denmark A/S Vestermøllevej 9M 8380 Trige Telephone: +45 86 23 14 55 Website: www.baader.com E-mail: bfs-dk@baader.com CVR No.: 19 18 95 11 Established: 8 August 1961 Municipality: Aarhus Financial Year: 1 January - 31 December
Board of Directors	Petra Baader, chairman Torsten Krausen Robert Focke Lars Bo Larsen, elected by employees Sonja Braun Alexandersen, elected by employees
Executive Board	Jette Nordentoft Claus Østergaard Askjær
Auditor	BDO Statsautoriseret revisionsaktieselskab Kolding Åpark 8A, 7. sal 6000 Kolding
General Meeting	The Annual General Meeting is held on 24 May, 2022, at the company's address.

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of BAADER Food Systems Denmark A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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

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

Aarhus, 24 May 2022

Executive Board

Jette Nordentoft

Claus Østergaard Askjær

Board of Directors

Petra Baader
Chairman

Torsten Krausen

Robert Focke

Lars Bo Larsen
Elected by employees

Sonja Braun Alexandersen
Elected by employees

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of BAADER Food Systems Denmark A/S

Opinion

We have audited the Financial Statements of BAADER Food Systems Denmark A/S for the financial year 1 January - 31 December 2021, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant 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 assets, liabilities and 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 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 Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities for the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment 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 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.

INDEPENDENT AUDITOR'S REPORT

- 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 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 Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary 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 Management Commentary provides the information required under the Danish Financial Statements Act.

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

Kolding, 24 May 2022

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jesper Steensbjerre
State Authorised Public Accountant
MNE no. mne31367

FINANCIAL HIGHLIGHTS

	2021 DKK '000	2020 DKK '000	2019 DKK '000	2018 DKK '000	2017 DKK '000
Income statement					
Net revenue.....	708,620	609,884	559,724	558,767	732,812
Gross profit/loss.....	88,995	93,110	73,804	56,190	87,559
Operating profit/loss of main activities...	11,782	17,588	1,069	-24,151	6,769
Financial income and expenses, net.....	-1,633	-2,714	-4,748	-3,303	-2,098
Profit/loss for the year before tax.....	43,866	25,600	31,519	-10,032	19,393
Profit/loss for the year.....	42,572	23,339	31,835	-4,542	17,221
Balance sheet					
Total assets.....	518,504	508,476	562,704	545,040	497,713
Equity.....	312,382	255,839	248,505	214,236	213,508
Invested capital.....	79,768	128,630	149,915	119,389	138,467
Investment in property, plant and equipment.....	-2,871	-3,760	-672	-913	-4,782
Average number of full-time employees.....	265	275	281	300	319
Key ratios					
Gross margin.....	12.6	15.3	13.2	10.1	11.9
Operating margin.....	1.7	2.9	0.2	-4.3	0.9
Return on invested capital.....	11.3	12.6	0.8	-18.7	5.7
Equity ratio.....	60.2	50.3	44.2	39.3	42.9
Return on equity.....	15.0	9.3	13.8	-2.1	8.1

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

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

MANAGEMENT COMMENTARY

Principal activities

BAADER Food Systems Denmark A/S develop, produce and sell spareparts, machines and complete plants for slaughtering and processing of poultry as well as weighing and grading equipment. The weighing and grading equipment can also be used in the fish as well as other food industries.

Sales, marketing and service in several important markets takes place directly through subsidiaries.

Exceptional matters

The annual report of 2021 has not been affected by unusual circumstances and COVID-19 has not caused major impact on performance and result for BAADER Food Systems Denmark A/S.

Development in activities and financial position

The company experienced an increase in the turnover in 2021, which is due to improved market conditions in developed markets and increased demand for poultry plants especially in the Chinese market.

The net result including the result of equity investments in group companies is considered satisfactory.

Profit/loss for the year compared to future expectations

The results and financial development of the company were as foreseen.

The company achieved a profit of DKK 42.6m in 2021 against DKK 23.3m in 2020. The result for 2021 is considered satisfactory.

Significant events after the end of the financial year

In beginning of 2022 the Danish Government reopened a partly lockdown caused by the coronavirus, and all restrictions in Denmark were removed. However, many countries do still maintain COVID-19 restrictions and this has an impact on the mobility of our Service Technicians, but due to local present in important markets, BAADER Food Systems Denmark A/S does not expect any impact on the 2022 result.

Since February 2022 and the Russian invasion of Ukraine, BAADER Food Systems Denmark A/S have been exposed to heavy cost increase, both on direct and indirect cost, as well as longer delivery times from suppliers. This can have an effect for BAADER Food Systems Denmark A/S on the long term and we might see a sideways movement. On the short run BAADER has built a higher stock level and early warning system from suppliers.

In addition, as of the date the financial statements were available to be issued, there is uncertainty with respect to the extent or impact of restrictions or sanctions that have been and may be implemented by state, federal or foreign governments, and how those measures may impact the Company and its customers.

Special risks

BAADER Food Systems Denmark A/S is not engaged in any legal action.

Financial risks and currency risks

BAADER Food Systems Denmark A/S applies forward exchange transactions to secure receivables and payables in foreign currencies if it is different from EUR. In addition, continuous adjustments are made of net currency positions.

Interest rate exposure

Interest rate risks are limited by means of different securing instruments and interest swaps.

Environmental situation

BAADER Food Systems Denmark A/S runs its business with the highest possible respect of environmental matters with regard to own production as well as to the machines sold. Environmental target is also reflected in CSR report

MANAGEMENT COMMENTARY

Knowledge resources

The company aims to supply high quality products focusing on operation reliability and a good basis for production of safe food. All central components are produced by the company whereas other components are produced by closely related sub suppliers.

Research and development activities

The company pays development expenses concurrently to secure future sales. Major development projects, which meet a number of detailed conditions, are recognized as assets under construction, and amortized in the income statement, when the projects have been completed. Other development projects are expensed in the income statement.

Future expectations

A positive development on important markets compared to the 2021 level is expected.

The company's continued focus on growth, efficiency and adjustment of the organization is expected to help stabilize the earning in the years to come.

The Company's foreign branches

The company's activities in the French market are handled through the company's branch in France.

Corporate social responsibility (CSR) report

It is the ambition of the company to show social responsibility in line with its basic values. This is demonstrated in internal as well as external initiatives.

The actual CSR policy is linked to BAADER Food Systems Denmark A/S homepage:

<https://www.baader.com/our-locations/baaderfoodsystemsdk>

BAADER Food Systems Denmark A/S is working determinedly to ensure a safe and healthy working environment, so the environmental and climatic conditions are incorporated in the company's processes.

Target figures and policy for the underrepresented gender

One out of three board members elected at the general meeting are female and by that, the company meet the target set in the Danish law.

It is the company policy that regardless of gender, race, and religion, all employees are treated equally, in order that everyone has equal opportunities for employment.

Data ethics

BAADER Food Systems Denmark A/S has implemented a Data ethic policy, it is available at the following link

<https://www.baader.com/our-locations/baaderfoodsystemsdk>

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2021 DKK	2020 DKK '000
NET REVENUE	1	708,619,629	609,884
Production costs.....	2, 3	-619,624,576	-516,774
GROSS PROFIT/LOSS		88,995,053	93,110
Distribution costs.....	2	-29,782,816	-38,205
Administrative expenses.....	2, 4	-47,445,055	-40,434
OPERATING PROFIT		11,767,182	14,471
Other operating income.....		15,000	3,117
OPERATING PROFIT		11,782,182	17,588
Income from investments in subsidiaries.....		33,717,303	10,726
Financial income.....	5	1,205,561	50
Financial expenses.....		-2,838,744	-2,764
PROFIT BEFORE TAX		43,866,302	25,600
Tax on profit/loss for the year.....	6	-1,293,980	-2,261
PROFIT FOR THE YEAR	7	42,572,322	23,339

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK	2020 DKK '000
Development projects completed.....		84,696,154	95,936
Intangible fixed assets acquired.....		8,449,116	8,536
IT.....		1,677,095	608
Development projects in progress.....		13,368,404	40,475
Intangible assets.....	8	108,190,769	145,555
Land and buildings.....		11,871,849	11,226
Production plants and machinery.....		1,571,695	1,175
Other plants, machinery, tools and equipment.....		621,640	429
Property, plant and equipment.....	9	14,065,184	12,830
Fixed asset investments.....		191,391,908	160,560
Rent deposit and other receivables.....		36,777	8,314
Financial non-current assets.....	10	191,428,685	168,874
NON-CURRENT ASSETS.....		313,684,638	327,259
Raw materials and consumables.....		3,150,062	2,975
Work in progress.....		3,636,627	3,897
Finished goods and goods for resale.....		46,574,158	47,209
Prepayments for goods.....		479,845	2,669
Inventories.....		53,840,692	56,750
Trade receivables.....		30,371,289	26,053
Contract work in progress.....	11	6,402,331	25,743
Receivables from group enterprises.....		71,623,517	51,561
Other receivables.....		18,132,940	6,957
Prepayments and accrued income.....	12	1,754,988	1,133
Receivables.....		128,285,065	111,447
Cash and cash equivalents.....		22,694,004	13,020
CURRENT ASSETS.....		204,819,761	181,217
ASSETS.....		518,504,399	508,476

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2021 DKK	2020 DKK '000
Share capital.....	13	10,374,870	10,375
Reserve for net revaluation according to equity-method.....		73,632,254	42,799
Reserve for provision for development costs.....		68,325,342	91,000
Fair value-reserve, hedging.....		365,549	242
Retained profit.....		122,434,378	111,423
Proposed dividend.....		37,250,000	0
EQUITY.....		312,382,393	255,839
Provision for deferred tax.....	14	15,238,953	14,373
Other provisions for liabilities.....	15	1,308,355	2,962
PROVISIONS.....		16,547,308	17,335
Mortgage debt.....		0	852
Other liabilities.....		13,557,080	13,491
Non-current liabilities.....	16	13,557,080	14,343
Mortgage debt.....		864,099	891
Bank debt.....		4,737,280	46,302
Prepayments received from customers.....	11	51,935,197	32,984
Trade payables.....		42,466,127	37,592
Payables to group enterprises.....		20,489,263	31,472
Other liabilities.....	17	55,525,652	71,718
Current liabilities.....		176,017,618	220,959
LIABILITIES.....		189,574,698	235,302
EQUITY AND LIABILITIES.....		518,504,399	508,476
Contingencies etc.	18		
Charges and securities	19		
Related parties	20		
Consolidated Financial Statements	21		

EQUITY

	Share capital	Other reserves	Retained profit	Proposed dividend	Total
Equity at 1 January 2021.....	10,374,870	134,042,126	111,420,567	0	255,837,563
Proposed profit allocation according to note 7.....		33,717,303	-28,394,981	37,250,000	42,572,322
Other legal bindings					
Capitalized development costs.....		-29,071,658	29,071,658		0
Foreign exchange adjustments.....		13,851,563	-2,821		13,848,742
Transfers					
Receiv./decl. dividend.....		-16,735,720	16,735,720		0
Change in fair value reserves					
Value adjustments in the year.....		158,674			158,674
Tax on changes in equity.....		6,360,857	-6,395,765		-34,908
Equity at 31 December 2021	10,374,870	142,323,145	122,434,378	37,250,000	312,382,393

	Reserve for net revaluation according to equity-method	Reserve for provision for development costs	Fair value-reserve, hedging	Total
Equity at 1 January 2021.....	42,799,108	91,001,235	241,783	134,042,126
Proposed profit allocation, jf. note 7.....	33,717,303			33,717,303
Other legal bindings				
Capitalized development costs.....		-29,071,658		-29,071,658
Foreign exchange adjustments.....	13,851,563			13,851,563
Transfers				
Receiv./decl. dividend.....	-16,735,720			-16,735,720
Change fair value reserves				
Value adjustments in the year.....			158,674	158,674
Tax on changes in equity.....		6,395,765	-34,908	6,360,857
Equity at 31 December 2021	73,632,254	68,325,342	365,549	142,323,145

NOTES

	2021 DKK	2020 DKK '000	Note
Net revenue			1
Segment details (geography)			
Denmark.....	6,117,321	3,738	
Europe, other.....	215,664,225	224,463	
Asia.....	260,406,432	185,673	
Other areas.....	226,431,651	196,010	
	708,619,629	609,884	
 Staff costs			 2
Average number of employees	265	275	
Wages and salaries.....	142,175,236	140,707	
Pensions.....	10,341,632	10,052	
Social security costs.....	1,829,808	1,594	
	154,346,676	152,353	
Remuneration of Executive Board.....	3,112,829	5,510	
Remuneration of board of directors.....	10,000	10	
	3,122,829	5,520	
 Special items			 3
The company has included impairment losses on the development assets with the amount of 33,974 TDKK. the amount is included in the production costs in the income statement.			

NOTES

	2021 DKK	2020 DKK '000	Note
Fee to statutory auditor			4
Total fee:			
BDO.....	789,100	567	
	789,100	567	
Specification of fee:			
Statutory audit.....	531,300	442	
Tax consultancy.....	220,300	27	
Other services.....	37,500	98	
	789,100	567	
Financial income			5
Group enterprises.....	752,974	0	
Other interest income.....	452,587	50	
	1,205,561	50	
Tax on profit/loss for the year			6
Calculated tax on taxable income of the year.....	427,988	1,263	
Adjustment of deferred tax.....	865,992	998	
	1,293,980	2,261	
Proposed distribution of profit			7
Proposed dividend for the year.....	37,250,000	0	
Allocation to reserve for net revaluation according to equity- method.....	33,717,303	10,727	
Retained earnings.....	-28,394,981	12,612	
	42,572,322	23,339	
Intangible assets			8
	Development projects completed	Intangible fixed assets acquired	
Cost at 1 January 2021.....	156,810,085	11,191,925	
Transfer.....	16,718,583	0	
Additions.....	0	1,634,063	
Cost at 31 December 2021.....	173,528,668	12,825,988	
Amortisation at 1 January 2021.....	60,873,266	2,655,358	
Impairment losses.....	6,719,870	0	
Amortisation for the year.....	21,239,378	1,721,514	
Amortisation at 31 December 2021.....	88,832,514	4,376,872	
Carrying amount at 31 December 2021.....	84,696,154	8,449,116	

NOTES

			Note
Intangible fixed assets (continued)			8
		IT	Development projects in progress
Cost at 1 January 2021.....	25,303,442		40,475,218
Transfers to/from other items.....	0		-16,718,583
Additions.....	1,492,763		16,865,342
Disposals.....	0		-27,253,573
Cost at 31 December 2021.....	26,796,205		13,368,404
Amortisation at 1 January 2021.....	24,695,221		0
Amortisation for the year.....	423,889		0
Amortisation at 31 December 2021.....	25,119,110		0
Carrying amount at 31 December 2021.....	1,677,095		13,368,404

The company's development projects relate to the development of new production machines and optimization of the interaction between the company's products in the production line. The development of the individual projects is progressing as planned and is expected to be completed over the next 1-4 years. Market research shows a demand for the new products and there are very few competitors in the market for this type of products.

Property, plant and equipment

				9
		Land and buildings	Production plants and machinery	Other plants, machinery, tools and equipment
Cost at 1 January 2021.....	64,964,673	43,194,713		10,344,085
Additions.....	1,710,098	863,251		297,267
Cost at 31 December 2021.....	66,674,771	44,057,964		10,641,352
Depreciation and impairment losses at 1 January 2021.....	53,739,930	42,019,673		9,914,821
Depreciation for the year.....	1,062,992	466,596		104,891
Depreciation and impairment losses at 31 December 2021.....	54,802,922	42,486,269		10,019,712
Carrying amount at 31 December 2021.....	11,871,849	1,571,695		621,640

NOTES

			Note
Financial non-current assets			10
	Fixed asset investments	Rent deposit and other receivables	
Cost at 1 January 2021.....	117,759,654	8,316,018	
Disposals.....	0	-8,279,241	
Cost at 31 December 2021.....	117,759,654	36,777	
Revaluation at 1 January 2021.....	42,799,920	0	
Exchange adjustment.....	13,850,751	0	
Dividend.....	-16,735,720	0	
Revaluation and impairment losses for the year.....	33,717,303	0	
Revaluation at 31 December 2021.....	73,632,254	0	
Carrying amount at 31 December 2021.....	191,391,908	36,777	
Investments in subsidiaries			
Name and domicil		Ownership	
LINCO Food Systems S.A., Spain.....		100 %	
Baader Brazil Ltda., Brazil.....		100 %	
Lindholst Asia SDN. BHD., Malaysia.....		100 %	
LINCO Food Systems Ltda., Chile.....		100 %	
Baader Food Systems Netherlands B.V., Netherlands.....		100 %	
Baader Food Systems USA Inc., USA.....		100 %	
Baader Asia PTE Ltd., Singapore.....		100 %	
BFPT Beijing Co. Ltd., China.....		100 %	
	2021	2020	
	DKK	DKK '000	
Contract work in progress			11
Contract work in progress.....	488,803,094	248,139	
Invoiced on account.....	-534,335,960	-255,380	
Contract work in progress, net.....	-45,532,866	-7,241	
Recognized as:			
Contract work in progress (assets).....	6,402,331	25,743	
Prepayments from customers (liabilities).....	-51,935,197	-32,984	
	-45,532,866	-7,241	
Prepayments and accrued income			12
Prepayments and accrued income relates to prepaid contingencies and license fees as well as prepaid expenses regarding future financial years.			

NOTES

	2021 DKK	2020 DKK '000	Note
Share capital			13
Allocation of share capital:			
A-shares, 10,374,870 unit in the denomination of 1 DKK.....	10,374,870	3,418	
B-shares, 0 unit in the denomination of 0 DKK.....	0	6,957	
	10,374,870	10,375	
Provision for deferred tax			14
Provision for deferred tax relates to differences between the carrying amount and the tax value of intangible fixed assets and tangible fixed assets, including recognised finance leases as well as accrued expenses. The provision also includes tax losses carried forward.			
	2021 DKK	2020 DKK '000	
Deferred tax at 1 January 2021.....	14,372,961	13,375	
Deferred tax for the year, Income Statement.....	865,992	998	
Provision for deferred tax 31 December 2021.....	15,238,953	14,373	
Other provisions for liabilities			15
0-1 year.....	1,308,355	2,962	
Other provisions for liabilities comprise liabilities of ordinary warranty on the Company's products.			
Long-term liabilities			16
	31/12 2021 total liabilities	Debt Repayment next year	Debt outstanding after 5 years total liabilities 31/12 2020 total liabilities
Mortgage debt.....	864,099	864,099	0 1,743,115
Other liabilities.....	13,601,659	44,579 12,525,260	13,491,780
	14,465,758	908,678 12,525,260	15,234,895
Other liabilities			17
The company has entered into an interest rate swap, which expires in 2022. The contract fixes the interest rate on the mortgage debt.			

NOTES**Note****Contingencies etc.****18****Contingent liabilities**

The Company has provided bank guarantees totalling DKK ('000) 3,375 relating to payment guarantees and general performance guarantees.

Operating lease contracts on machinery and cars have been entered with a total lease commitment during the residual term of 1 to 35 months of DKK ('000) 694 (DKK ('000) 330 within 12 months).

The company has subordinated a portion of DKK ('000) 7,450 of its receivables balance from a subsidiary in favor of the subsidiary's other creditors.

Joint liabilities

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

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

Charges and securities**19**

Debt to mortgage provider, DKK ('000) 864 is secured by mortgages totalling DKK ('000) 14,129 comprising land, and buildings with the booked value of DKK ('000) 11,872 as of 31 December 2021. The mortgage also comprises the plant and machinery deemed part of the properties.

As security for debt to financial institutions, the company has issued mortgage deeds totalling DKK ('000) 17,632 as mortgage on the land and buildings mentioned above.

Furthermore the company has issued an all-moneys mortgage (floating charge) of DKK ('000) 36,330 as security for debt to financial institutions. The security comprises inventories and trade receivables with at booked value totalling DKK ('000) 84,212.

Related parties**20**

The company's related parties comprises the following:

Controlling interest

Chairman of the board, through the parent company Baader Poultry A/S

Transactions with related parties

The company has had transactions with its subsidiaries in the year.

The company did not carry out any substantial transactions that were not concluded on market conditions.

NOTES**Note****Consolidated Financial Statements****21**

The company is included in the consolidated financial statements of Baader Poultry A/S, Aarhus, CVR number 30 71 48 30, which is the smallest group.

The company is included in the consolidated financial statements of Baader Poultry Holding GmbH, Lübeck, which is the largest group. The consolidated financial statements can be acquired by contacting the company.

ACCOUNTING POLICIES

The Annual Report of BAADER Food Systems Denmark A/S for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, large-size enterprises.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements

Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of Baader Poultry A/S, Aarhus, CVR number 30 71 48 30.

INCOME STATEMENT

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Where products with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

When the result of contract work cannot be assessed reliably, revenue is only recognised corresponding to the related costs and only to the extent that it is likely that they will be recovered.

Sale of services is generally recognised on the basis of a measurable degree of completion, using straight-line recognition of services delivered over time in a regular pattern. Where the degree of completion is not measurable or the sales value or the total costs of completion are uncertain, revenue is recognised by the amount that the enterprise as a maximum believes to have a right to claim and is expected to be received for services delivered at the Balance Sheet date.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Production costs

Production costs comprise costs, including wages and salaries and write-off, incurred to achieve the net revenue for the year.

Production costs also recognise amortisation of capitalised development as well as research costs and the development costs that do not fulfil the criteria for capitalisation.

Furthermore write-down is recognised in connection with expected losses on project contracts.

Distribution costs

The costs incurred for distribution of goods sold during the year and for sales campaigns carried out during the year are recognised in distribution costs. The costs of the sales personnel, advertising and exhibition costs and amortisation are also recognised in distribution costs.

Administrative expenses

Administrative expenses recognise costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises, office expenses etc and related amortisation.

ACCOUNTING POLICIES

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Income from investments in subsidiaries

The proportional share of the results of subsidiaries, stated according to the Parent Company's accounting policies and with full elimination of unrealised intercompany profits/losses and deduction of amortisation of added value and goodwill resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

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

Financial income and expenses

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

Tax

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

BALANCE SHEET

Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement.

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

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

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years and does not exceed 20 years.

Capitalised IT-projects are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised IT-projects are depreciated on a straight-line basis over the estimated useful life. The useful life is normally 3-5 years.

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

ACCOUNTING POLICIES

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Land and buildings, production plant and machinery, other plants, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

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

	Useful life	Residual value
Buildings.....	10-25 years	0 %
Production plant and machinery.....	5 years	0-30 %
Other plants, fixtures and equipment.....	3-5 years	0-30 %

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

Lease contracts

Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company’s loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group’s and the Company’s other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability and the interest portion of the lease payment is recognised in the income statement over the term of the contract.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the income statement over the term of the contract. The company’s total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Fixed asset investments

Investments in Equity interests in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of consolidation.

Equity investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises’ carrying equity value, calculated in accordance with the Parent Company’s accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

Acquired enterprises are subject to the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models.

ACCOUNTING POLICIES

Consolidated goodwill is amortised over the expected useful life, which is determined on the basis of Management's experience within the individual lines of business. Consolidated goodwill is amortised on a straightline basis over the amortisation period, which is 7-12 years. The amortisation period is determined on the basis of an assessment of the acquired entity's market position and earnings profile, and the industry-specific condition.

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

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

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

Other receivables are measured at amortised cost which usually corresponds to the nominal amount. The amount is written down to meet expected losses.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories

Inventories are measured at cost using the weighted average-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The company has changed the method for estimating the provision for obsolete inventory from being based on when the specific items were last used, to be based on the forecast period of coverage with current stock and recent consumption. The change has increased the provision for obsolete inventory, but it is not possible to estimate a specific amount for the change.

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

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

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

ACCOUNTING POLICIES

Receivables

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

Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the balance sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Costs relating to sales work and obtaining of contracts are recognised in the Income Statement as and when they are incurred.

Accruals, assets

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

Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructuring etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated for the contract. The provision is recognised as a cost under production costs.

Tax payable and deferred tax

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

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

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

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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

ACCOUNTING POLICIES

Liabilities

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

Amortised cost of current liabilities usually corresponds to nominal value.

Derivative financial instruments

Derivative financial instruments are initially recognised in the Balance Sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised under receivables and payables, respectively.

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

Change in fair value of derivative financial instruments classified as and complying with the criteria for hedging of future cash flows is recognised under receivables or payables and under equity. If the future transaction results in recognition of assets or liabilities, all amounts recognised under equity are transferred from equity and recognised under the initial cost of the asset or liability, respectively. If the future transaction results in income or expenses amounts recognised under equity are transferred to the Income Statement for the period where the Income Statement was affected by the hedged amount.

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

Foreign currency translation

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

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

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

CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the company has not prepared a cash flow statement.