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CVR no. 20 22 26 70

BAADER FOOD SYSTEMS DENMARK A/S

VESTERMØLLEVEJ 9M, 8380 TRIGE

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2022

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 22 May 2023**

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
Board of Directors	Established: 8 August 1961
	Municipality: Aarhus
	Financial Year: 1 January - 31 December
	Petra Baader, chairman
	Torsten Krausen
Executive Board	Robert Focke
	Lars Bo Larsen, elected by employees
	Sonja Braun Alexandersen, elected by employees
	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 22 May, 2023, 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 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

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, 3 May 2023

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 2022, 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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, 3 May 2023

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jesper Steensbjerre
State Authorised Public Accountant
MNE no. mne31367

FINANCIAL HIGHLIGHTS

	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000	2018 DKK '000
Income statement					
Net revenue.....	610,269	708,619	609,884	559,724	558,767
Gross profit/loss.....	102,749	88,995	93,110	73,804	56,190
Operating profit/loss of main activities...	8,658	11,781	17,588	1,069	-24,151
Financial income and expenses, net.....	-2,985	-1,632	-2,714	-4,748	-3,303
Profit/loss for the year before tax.....	47,673	43,866	25,600	31,519	-10,032
Profit/loss for the year.....	47,585	42,572	23,339	31,835	-4,542
Balance sheet					
Total assets.....	642,165	518,504	508,476	562,704	545,040
Equity.....	333,210	312,383	255,839	248,505	214,236
Invested capital.....	94,092	79,768	128,630	149,915	119,389
Investment in property, plant and equipment.....	-5,581	-2,870	-3,760	-672	-913
Average number of full-time employees.....					
	256	265	275	281	300
Key ratios					
Gross margin.....	16.8	12.6	15.3	13.2	10.1
Operating margin.....	1.4	1.7	2.9	0.2	-4.3
Return on invested capital.....	10.0	11.3	12.6	0.8	-18.7
Equity ratio.....	51.9	60.2	50.3	44.2	39.3
Return on equity.....	14.7	15.0	9.3	13.8	-2.1

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 2022 has not been affected by unusual circumstances.

Development in activities and financial position

The group experienced a stable turnover in 2022, which is due to improved market conditions in developed markets. However the Danish entity experienced a slightly lower turnover than last year. A major part of the year 2022 was the higher attention of the after sales market with an increase of the spare part and service turnover.

The company achieved a profit of DKK 47.6m in 2022 against DKK 42.5m in 2021. The result for 2022 is considered satisfactory, with the market conditions.

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 group has experienced a stable turnover compared with last year, and the profit before tax was slightly higher than in 2021 which in line with the expectations expressed in the annual report for 2021.

Significant events after the end of the financial year

No events of material importance for the company's financial position occurred after the end of the financial year.

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 in important markets compared to the 2022 level is expected. For 2023 the profit before tax is expected to be DKK 30-40m.

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.

The company continues to increase the representation of women in management positions with respect for the industry specific competences needed. The company encourage and support female employees that desires to raise into managerial positions.

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	2022 DKK	2021 DKK '000
NET REVENUE	1	610,268,661	708,619
Production costs.....	2, 3	-507,519,727	-619,624
GROSS PROFIT/LOSS		102,748,934	88,995
Distribution costs.....	2	-45,919,121	-29,785
Administrative expenses.....	2, 4	-48,171,651	-47,444
OPERATING PROFIT		8,658,162	11,766
Other operating income.....		0	15
OPERATING PROFIT		8,658,162	11,781
Income from investments in subsidiaries.....		41,999,956	33,717
Financial income.....	5	455,373	1,205
Financial expenses.....		-3,440,579	-2,837
PROFIT BEFORE TAX		47,672,912	43,866
Tax on profit/loss for the year.....	6	-87,755	-1,294
PROFIT FOR THE YEAR	7	47,585,157	42,572

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2022 DKK	2021 DKK '000
Development projects completed.....		69,411,135	84,696
Intangible fixed assets acquired.....		8,788,463	8,449
IT.....		1,179,224	1,677
Development projects in progress.....		21,120,534	13,367
Intangible assets.....	8	100,499,356	108,189
Land and buildings.....		14,887,547	11,873
Production plants and machinery.....		2,254,282	1,572
Other plants, machinery, tools and equipment.....		660,441	622
Property, plant and equipment.....	9	17,802,270	14,067
Fixed asset investments.....		265,984,452	191,395
Rent deposit and other receivables.....		38,264	37
Financial non-current assets.....	10	266,022,716	191,432
NON-CURRENT ASSETS.....		384,324,342	313,688
Raw materials and consumables.....		4,397,335	3,144
Work in progress.....		6,468,271	3,636
Finished goods and goods for resale.....		75,322,215	46,574
Prepayments for goods.....		1,127,704	480
Inventories.....		87,315,525	53,834
Trade receivables.....		21,128,149	30,371
Contract work in progress.....	11	34,706,758	6,402
Receivables from group enterprises.....		72,483,532	71,623
Other receivables.....		8,993,313	18,135
Prepayments and accrued income.....	12	4,194,058	1,756
Receivables.....		141,505,810	128,287
Cash and cash equivalents.....		29,019,774	22,695
CURRENT ASSETS.....		257,841,109	204,816
ASSETS.....		642,165,451	518,504

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2022 DKK	2021 DKK '000
Share capital.....	13	10,374,870	10,375
Reserve for net revaluation according to equity-method.....		118,548,976	73,632
Reserve for provision for development costs.....		66,089,585	68,325
Fair value-reserve, hedging.....		0	366
Retained profit.....		96,196,375	122,435
Proposed dividend.....		42,000,000	37,250
EQUITY.....		333,209,806	312,383
Provision for deferred tax.....	14	15,138,806	15,239
Other provisions for liabilities.....	15	1,636,709	1,308
PROVISIONS.....		16,775,515	16,547
Mortgage debt.....		1,341,509	0
Other liabilities.....		13,520,226	13,556
Non-current liabilities.....	16	14,861,735	13,556
Mortgage debt.....		30,373	864
Bank debt.....		64,946,311	4,737
Prepayments received from customers.....	11	94,359,820	51,935
Trade payables.....		37,796,173	42,466
Payables to group enterprises.....		37,625,269	20,489
Other liabilities.....		42,560,449	55,527
Current liabilities.....		277,318,395	176,018
LIABILITIES.....		292,180,130	189,574
EQUITY AND LIABILITIES.....		642,165,451	518,504
Contingencies etc.	17		
Charges and securities	18		
Related parties	19		
Fee to statutory auditor	4		
Consolidated Financial Statements	20		

EQUITY

	Share capital	Other reserves	Retained profit	Proposed dividend	Total
Equity at 1 January 2022.....	10,374,870	142,323,145	122,434,378	37,250,000	312,382,393
Proposed profit allocation according to note 7.....		42,070,538	-36,485,381	42,000,000	47,585,157
Transactions with owners					
Dividend paid.....				-37,250,000	-37,250,000
Other legal bindings					
Capitalized development costs.....		-2,866,355	2,866,355		0
Foreign exchange adjustments.....		10,239,882	203,211		10,443,093
Transfers					
Receiv./decl. dividend.....		-7,393,698	7,393,698		0
Change in fair value reserves					
Value adjustments in the year.....		63,029			63,029
Realised in the year.....		-414,712	414,712		0
Tax on changes in equity.....		616,732	-630,598		-13,866
Equity at 31 December 2022.....	10,374,870	184,638,561	96,196,375	42,000,000	333,209,806

	Reserve for net revaluation according to equity-method	Reserve for provision for development costs	Fair value-reserve, hedging	Total
Equity at 1 January 2022.....	73,632,254	68,325,342	365,549	142,323,145
Proposed profit allocation, jf. note 7.....	42,070,538			42,070,538
Other legal bindings				
Capitalized development costs.....		-2,866,355		-2,866,355
Foreign exchange adjustments.....	10,239,882			10,239,882
Transfers				
Receiv./decl. dividend.....	-7,393,698			-7,393,698
Change fair value reserves				
Value adjustments in the year.....			63,029	63,029
Realised in the year.....			-414,712	-414,712
Tax on changes in equity.....		630,598	-13,866	616,732
Equity at 31 December 2022.....	118,548,976	66,089,585	0	184,638,561

NOTES

	2022 DKK	2021 DKK '000	Note
Net revenue			1
Segment details (geography)			
Denmark.....	6,506,809	6,117	
Europe, other.....	180,654,659	215,664	
Asia.....	101,031,122	260,406	
North America.....	91,322,341	74,975	
Latin America.....	88,459,255	53,014	
Africa & Middle East.....	94,466,606	77,991	
Other areas.....	47,827,869	20,452	
	610,268,661	708,619	
Staff costs			2
Average number of employees	256	265	
Wages and salaries.....	139,641,848	142,175	
Pensions.....	10,390,298	10,342	
Social security costs.....	1,808,002	1,830	
	151,840,148	154,347	
Remuneration of Board of Directors.....	3,230,081	3,113	
Remuneration of Supervisory Board.....	10,000	10	
	3,240,081	3,123	
Special items			3
The company has included impairment losses on the development assets with the amount of 6.411 TDKK. the amount is included in the production costs in the income statement.			

NOTES

	2022 DKK	2021 DKK '000	Note
Fee to statutory auditor			4
Total fee:			
BDO.....	716,825	789	
	716,825	789	
Specification of fee:			
Statutory audit.....	505,000	531	
Tax consultancy.....	153,925	220	
Other services.....	57,900	38	
	716,825	789	
Financial income			5
Group enterprises.....	418,495	753	
Other interest income.....	36,878	452	
	455,373	1,205	
Tax on profit/loss for the year			6
Calculated tax on taxable income of the year.....	187,902	428	
Adjustment of deferred tax.....	-100,147	866	
	87,755	1,294	
Proposed distribution of profit			7
Proposed dividend for the year.....	42,000,000	37,250	
Allocation to reserve for net revaluation according to equity-method.....	42,070,538	33,717	
Retained earnings.....	-36,485,381	-28,395	
	47,585,157	42,572	
Intangible assets			8
	Development projects completed	Intangible fixed assets acquired	
Cost at 1 January 2022.....	173,528,667	12,825,998	
Transfer.....	3,526,700	0	
Additions.....	0	2,289,847	
Disposals.....	-10,277,265	0	
Cost at 31 December 2022.....	166,778,102	15,115,845	
Amortisation at 1 January 2022.....	88,832,514	4,376,882	
Reversal of amortisation of assets disposed of	-10,269,048	0	
Amortisation for the year.....	18,803,501	1,950,500	
Amortisation at 31 December 2022.....	97,366,967	6,327,382	
Carrying amount at 31 December 2022.....	69,411,135	8,788,463	

NOTES

Note

Intangible fixed assets (continued)

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	IT	Development projects in progress
Cost at 1 January 2022.....	26,796,205	13,368,404
Transfers to/from other items.....	0	-3,526,700
Additions.....	0	17,689,648
Disposals.....	0	-6,410,818
Cost at 31 December 2022.....	26,796,205	21,120,534
Amortisation at 1 January 2022.....	25,119,110	0
Amortisation for the year.....	497,871	0
Amortisation at 31 December 2022.....	25,616,981	0
Carrying amount at 31 December 2022.....	1,179,224	21,120,534

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

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	Land and buildings	Production plants and machinery	Other plants, machinery, tools and equipment
Cost at 1 January 2022.....	66,674,772	44,057,965	10,641,352
Additions.....	4,051,021	1,433,425	97,004
Cost at 31 December 2022.....	70,725,793	45,491,390	10,738,356
Depreciation and impairment losses at 1 January 2022.....	54,802,922	42,486,270	10,019,720
Depreciation for the year.....	1,035,324	750,838	58,195
Depreciation and impairment losses at 31 December 2022.....	55,838,246	43,237,108	10,077,915
Carrying amount at 31 December 2022.....	14,887,547	2,254,282	660,441

NOTES

Note

Financial non-current assets

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	Fixed asset investments	Rent deposit and other receivables
Cost at 1 January 2022.....	117,759,655	36,777
Exchange adjustment at closing rate.....	0	1,487
Additions.....	29,746,400	0
Disposals.....	-185,606	0
Cost at 31 December 2022.....	147,320,449	38,264
Revaluation at 1 January 2022.....	73,632,254	0
Exchange adjustment.....	10,239,882	0
Dividend.....	-7,393,698	0
Revaluation and impairment losses for the year.....	42,070,538	0
Reversal of revaluation of assets disposed of.....	115,027	0
Revaluation at 31 December 2022.....	118,664,003	0
Carrying amount at 31 December 2022.....	265,984,452	38,264

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 %

	2022 DKK	2021 DKK '000
Contract work in progress		
Contract work in progress.....	306,784,360	488,803
Invoiced on account.....	-366,437,422	-534,336
Contract work in progress, net.....	-59,653,062	-45,533
Recognized as:		
Contract work in progress (assets).....	34,706,758	6,402
Prepayments from customers (liabilities).....	-94,359,820	-51,935
	-59,653,062	-45,533

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Prepayments and accrued income

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Prepayments and accrued income relates to prepaid contingencies and license fees as well as prepaid expenses regarding future financial years.

NOTES

				Note
		2022 DKK	2021 DKK '000	
Share capital				13
Allocation of share capital:				
A-shares, 10,374,870 unit in the denomination of 1 DKK.....		10,374,870	10,375	
		10,374,870	10,375	
Provision for deferred tax				14
The provision for deferred tax is related to differences between the carrying amount and tax value of intangible fixed assets and tangible fixed assets, including accrued expenses. The provision also includes tax losses carried forward				
Deferred tax, beginning of year.....		15,238,953	14,373	
Deferred tax of the year, income statement.....		-100,147	866	
Provision for deferred tax 31 December.....		15,138,806	15,239	
Other provisions for liabilities				15
0-1 year.....		1,636,709	1,308	
Other provisions for liabilities comprise liabilities of ordinary warranty on the Company's products.				
Long-term liabilities				16
			Debt	
	31/12 2022	Repayment	outstanding	31/12 2021
	total liabilities	next year	after 5 years	total liabilities
Mortgage debt.....	1,371,882	30,373	1,204,027	864,099
Other liabilities.....	13,819,954	299,728	12,455,221	13,601,659
	15,191,836	330,101	13,659,248	14,465,758

NOTES

Note

Contingencies etc.

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Contingent liabilities

The Company has provided bank guarantees totalling DKK ('000) 3,783 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 10 to 64 months of DKK ('000) 1,305 (DKK ('000) 544 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

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Debt to mortgage provider, DKK ('000) 1,372 is secured by mortgages totalling DKK ('000) 1,406 comprising land, and buildings with the booked value of DKK ('000) 1,939 as of 31 December 2022. 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 land and buildings with a booked value of DKK ('000) 12,949 as of 31 December 2022.

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) 97,819.

Related parties

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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

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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 Global SE, 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 2022 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.

Financial non-current assets

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.