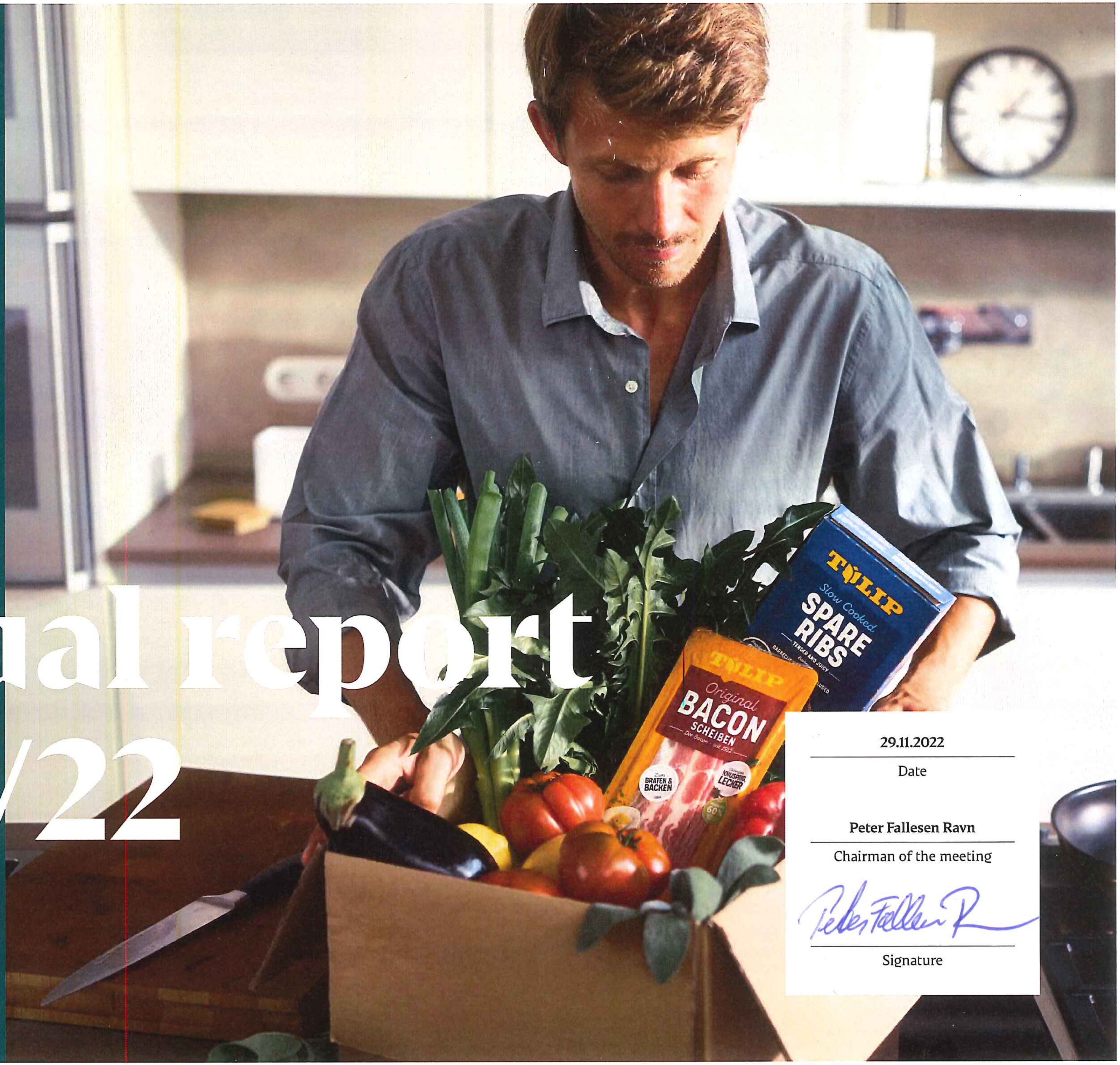
Danish Crown

Annual report 2021/22



29.11.2022

Date

Peter Fallesen Ravn

Chairman of the meeting

Signature

Better Food.
Brighter Future.

We believe food can make a difference. For the individual and for society at large. Food brings people together. It unites us across countries, cultures and customs. Our passion for food, the meals we bring to the table and the conversations we share; all bring us closer – that is the power of food.

Everybody should have the right to enjoy good nutritious food safely. But the global population is growing and the demand for food is increasing. At the same time, we need to minimise harm to the planet we share.

At Danish Crown, we can make a difference for food and make agriculture a driving force of change. When we come together, we go further. Founded in 1887, our cooperative builds on synergies over competition.

Together with our farmers, our instinct is to grow, preserve and provide. While an individual farmer can feed his family; between us, we can feed the world.

But food changes over time – and so do we. We produce food you can trust. We prioritise value over volume and are committed to healthier products, care for our animals and to thriving farms. All the while, building a better world. This mindset demands every farmer to focus on a more sustainable future for food.

Vision

Together, we are creating a more sustainable future for food.

Mission

Together with our farmers, we create food that makes a difference to people and the planet.

Contents

We have moved more products higher up on the value ladder.

Read more on page 4.

Reader's guide

The annual report is our detailed annual review of the group's results of operations, business strategy, governance and management. The annual report also comprises our consolidated financial statements and the parent company financial statements.

Relative to last year, we have made two changes to the annual report. Firstly, our business is now segmented according to business units instead of according to product areas. The change reflects the organisational changes made after we launched our Feeding the Future strategy. Secondly, we have expanded the section on governance to create more transparency concerning our organisation and corporate governance.

Sustainability report
The Danish Crown Sustainability report 2021/22 is an integral part of the management's review of the Danish Crown Annual report 2021/22, and this report constitutes our report on corporate responsibility in accordance with section 99a of the Danish Financial Statements Act.

Read more on danishcrown.com/sustainability-report

Website
Our website danishcrown.com provides direct access to the annual report. Moreover, the site contains policies and descriptions of key activities and the development of our group, both in general terms and specifically in relation to sustainability.

Social media
Through our social media channels we share stories and news about topics such as product development and sustainability, our business and our brands.

Follow us here

Cooperative owners

We are owned by Danish farmers, who deliver their raw materials to Danish Crown for processing and sale.

Our earnings are paid back to our cooperative owners.

Adding value through our business

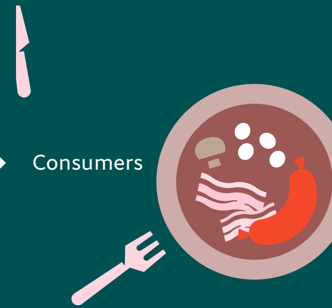
Slaughtering and deboning
Adding value to primal cuts by optimising usage and processes.

Processed products and casings
Product-focused. Adding value through further processing and customisation.

Category products and meals
Consumer-focused. Developing concepts that address consumer needs and occasions.

Top brands
Adding value through specific concepts based on consumer preferences.

Feeding the Future



Consumers

Foodservice and retail

Food industry, foodservice and private label in retail

Food industry

Fair payment for meat

Most of Danish Crown's earnings are paid back to our cooperative owners through regular settlements and annual supplementary payments.

Local workplaces

We create jobs around the world both directly and indirectly and contribute locally to upgrading the qualifications of our workforce.

Sustainability throughout our value chain

We aim to lead the way towards making food production sustainable and involve our entire value chain in ensuring resource efficiency and in reducing adverse sustainability impacts.

Meals for consumers

By maintaining a high level of security of supply and food safety, we ensure millions of high-quality meals for consumers in most parts of the world.

Important that we pursue our strategic goals

A steady hand at the helm is needed to keep the ship on course in rough seas. Likewise, our Feeding the Future strategy charts a clear course for our business, even during the current turbulence in the food market.

Our management task is to secure supplies in the near term while staying focused on our long-term goals. When I look at the great efforts being made in our organisation, I am confident that our strategic direction is right and that it will deliver results.

We entered the financial year with great competitive strength and settlement prices notably higher than in Germany, but we have underperformed on our strategic goals since Christmas. We need to close the gap to the competition. Our fundamental challenge is the large decrease in exports from Europe.

"When I look at the great efforts being made in our organisation, I am confident that our strategic direction is right and that it will deliver results.

Danish Crown depends on strong exports because of the limited size of our domestic market. As Denmark is an export nation, we are hit harder during times of declining exports while benefiting more during export booms. It is also important to emphasise the importance of our portfolio of businesses during difficult times.

While I am pleased to be able to provide a supplementary payment to our cooperative owners of DKK 1.30 per kg, it is of course unsatisfactory that we failed to deliver on our strategy target of paying our cooperative owners DKK 0.60 more per kg pork than the EU index. The overall settlement price was not sufficient to cover the rising production costs incurred by our cooperative owners.

Cooperative owners struggling with high costs

Difficult conditions for pig producers mean fewer pig supplies to Danish Crown. It has been a difficult year marked by high feed prices and galloping inflation, and the value chain in our group must be able to pay the price of feed, energy and other costs. However, experience tells us that the market is constantly shifting, and I am confident that the balance between meat and feed will be restored.

Unfortunately, the drop in supplies compelled us to lay off 146 employees in September. That was a difficult decision seeing how our employees had put in an extraordinary effort during the first part of the year when many pigs were sent to be slaughtered.

Record-year for beef

Unlike the pork market, it was an exceptionally good year for beef and veal with settlement prices approximately 38 per cent higher than last year. In the positive beef market, our beef and veal business showed flexibility and skillfully adapted to the changed market opportunities. However, towards the end of the year, we saw a slowdown as a result of the high food prices and consumers increasingly opting for more affordable alternatives to beef and veal. We witnessed the same trend for our organic products, which affected the earnings of our organic cooperative owners.

Focusing on doing the right thing

Our business is in a strong position, and in a market characterised by food shortages, I am proud that Danish Crown is able to supply our customers and consumers with good and healthy food. In this way, we play a key role in the supply chain.

I am even more proud of the effort we put in as farmers and as a business to meet our goal of reducing our greenhouse gas emissions and thereby contribute to a more sustainable society. In our cooperative, we have agreed to make a dedicated effort to achieve more sustainable operations – both at the farm and in production.

Erik Bredholt, Chairman

Good financial result, but value chain challenged

Danish Crown achieved a good financial result for the year overall, and solid earnings allow us to return a profit to our cooperative owners on a level with last year. The reason we are not entirely satisfied is that the regular payments to our owners were unable to match the high production costs at the farms. Over the course of the year, that created a situation characterised initially by pressure on our business due to COVID-19 and more pigs, and then rising inflation and decreasing pig production towards the end of the year.

In revenue terms, we grew our business by ten per cent, driven primarily by higher prices.
We had a good start to the year, experiencing good competitive strength in spite of a stagnant Chinese market. The halt in exports to China meant a larger volume of goods had to be sold in Europe. This resulted in an overflow of goods in European supermarkets and put the market under pressure.

The second half of the year saw growing demand from Asian markets, which restarted European exports and improved our operating results towards the end of the year.

Inflation weighing on the entire value chain
Geopolitical tensions, the war in Ukraine and the resulting supply crisis created unprecedented challenges across our business, compelling us to balance a continued focus on our Feeding the Future strategy with securing short-term earnings and coping with inflation that resulted in additional costs of about DKK 1.5 billion for energy, logistics and packaging. We are constantly working to improve our efficiency, and our procurement strategies will help us navigate this intense situation. Consumers are also feeling the effects of inflation through higher prices for energy and groceries. As one of the effects is that consumers opt out of more expensive products, we are finding it more difficult to sell meat from special pigs and organic products. We are therefore seeking to align our product range and cuts to the needs of consumers through an ongoing dialogue with our customers. Meat consumption continues to increase globally, while we are witnessing a decline in the markets near to us. We experience that consumers are seeking new ways of consuming meat, which represents innovation opportunities for us.

We invest in the future
During the first year of our Feeding the Future strategy period, we have pursued our goals and invested in developing our business. Expanding in the UK market, we are making one of our first large post-Brexit investments by building a processing plant to supply our important UK market, where we hold a very strong position. In Poland, we are upgrading and scaling up production in Robakowo to the latest standards to serve the large domestic market in Poland. In Sweden, we have also taken several steps up the value chain through the acquisition of Charkuterifabriken, which will ensure a broader product range for our Swedish business.

In our casing operations, we have acquired the remaining shares in our partly owned companies in Spain and the USA. DAT-Schaub realised another year of record-high earnings with progress in more or less all product groups. Our trading company ESS-FOOD delivered a record-strong financial result in a turbulent market.

In a positive market for beef, our Beef business set new records on the back of strong operations both in Germany and Denmark as well as in the hide business Scan-Hide, which resulted in good settlement prices for our cooperative owner supplying cattle.

Climate reduction targets
During the year, we took a necessary step towards achieving our climate reduction targets across the value chain. We have submitted the targets to the Science Based Targets initiative which we are confident are in accordance with what is required to achieve the goals of the Paris Agreement.
We pursue an ambition of being at the forefront in terms of transparency and climate reporting in our sector, and it is therefore important for us to have our targets validated. Furthermore, we are pleased to note that work is underway to establish climate labelling in the EU that should make it easier for consumers to make an informed decision when buying food.

During the past year of challenges, the tireless efforts of our employees were again instrumental to the results we achieved. Unfortunately, a decline in the number of pigs supplied to our business compelled us to lay off 146 employees in September at two of our Danish facilities.

In the year, we worked to integrate our two previously independent business units: Danish Crown Pork and Danish Crown Foods. In order to further accelerate our Feeding the Future strategy, we have appointed Tim Ørting Jørgensen as a new member of our Executive Board with a commercial focus and as head of the new joint business unit.

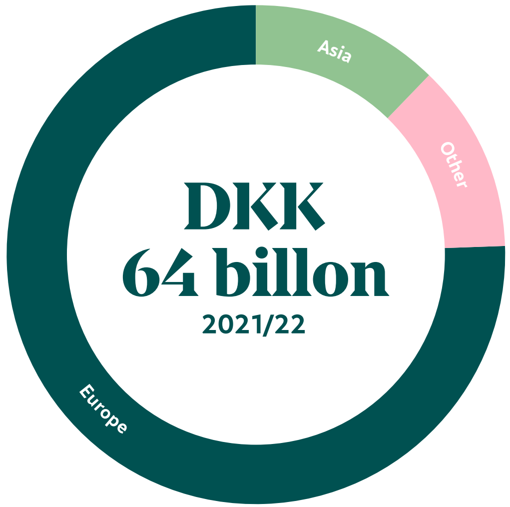
Jais Valeur, Group CEO

> **The reason we are not entirely satisfied is that the regular payments to our owners were unable to match the high production costs at the farms.**

Financial highlights

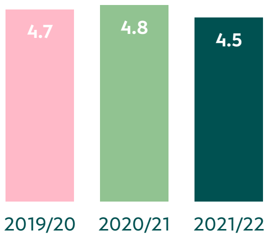
This year, we are far from meeting our goal when comparing to the EU index, among other things as a result of the difficult market conditions. Despite of a lower solvency we meet our financial gearing target, so our company remains financially sound.

Global revenue

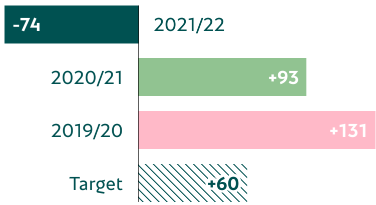


Per cent	DK	SE	PL	UK	Other Europe	Asia	Other
2019/20	10	10	13	9	26	22	10
2020/21	11	11	12	9	27	18	12
2021/22	10	12	14	8	30	15	11

EBIT (%)



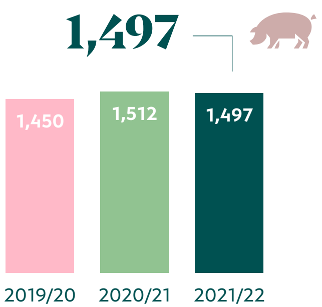
Difference to average EU index* (DKK per kg pork)



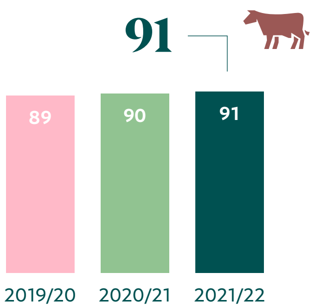
+DKK 0.60 per kg

Target

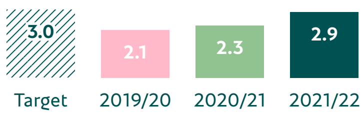
Supplementary payments for pigs (DKKm)



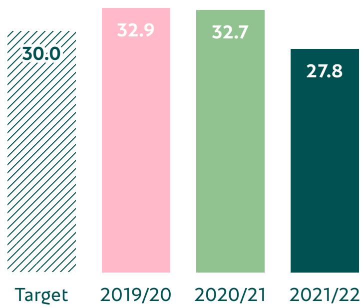
Supplementary payments for cattle (DKKm)



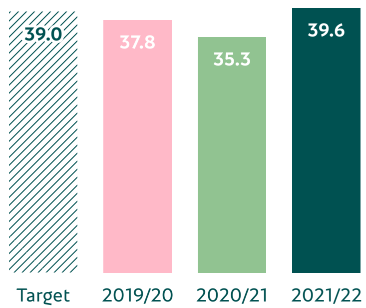
Financial gearing*



Solvency ratio* (%)



Net working capital* (days)



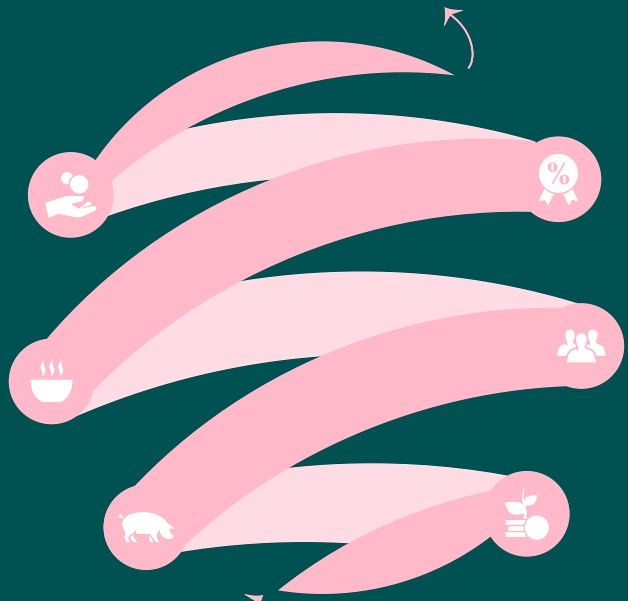
*The targets for Difference to average EU index (DKK/kg) and Solvency ratio (%) are minimum targets, and deliverables must be higher than the defined target.
The targets for Financial gearing and Net working capital (days) are maximum targets, and deliverables must be lower than the defined target.

Strategy

Feeding the Future | Follow-up on strategy

In Seoul, South Korea, Korean BBQ is eaten directly from the tabletop barbecue. The picture shows pork belly from Danish Crown served with kimchi, ssamjang, steamed egg and Korean leeks.

Danish Crown supplies meat to large parts of the world, including South Korea.



Recurring investments

By pursuing greater differentiation with respect to innovation and sustainability, Danish Crown will be able to get a premium price, which spirals our ability to invest further in innovation and sustainability.

High-quality sustainable food

We will listen carefully to our customers and consumers to position and brand Danish Crown as a supplier of high-quality sustainable food in key categories around the world.

Maintaining a sustainable production level for Danish pigs at the current level of 10-13 million

Our goal is not to be the biggest, but to supply the best and most valuable products.

Adding more value to our products

We aim to boost demand in our markets by increasing farm-to-fork sustainability, enhancing focus on innovation and brand-ing more of our products.

Smart and efficient supply chain

A stable supply of pigs combined with the spreading of best practice across the group would enable us to reduce our costs by DKK 1 billion while delivering high-quality sustainable food.

Making substantial investments in sustain-ability, the value chain and innovation from farm to fork

We will invest DKK 4-5 billion in the farms and DKK 11-12 billion within Danish Crown.

Ambitious strategy maintained despite market turbulence

One year into our Feeding the Future strategy period, we have seen positive trends in our business, but have also faced challenges in the form of market turbulence and elevated cost inflation.

Growth at Danish Crown is not to come from slaughtering more animals. On the contrary, we will focus on reducing the climate footprint of meat and on innovation with a view to enhancing the value of our products. We must be able to pay a higher price to our cooperative owners for their raw materials so they can continue investing and thereby reduce their climate footprint and ensure production efficiency at their farms.

During the year, the result of our cooperative owners was squeezed by historically high feed prices and increasing costs, and settlement prices were unable to match our owners' expenses.

Challenges for Danish Crown included failing exports out of Europe, especially to Asia, which caused an excess supply of products in the European market. The situation sent prices lower, while an imbalance between supply and demand in the European market pushed raw material prices higher.

This in turn put pressure on our strategy target of paying DKK 0.60 more per kg pork relative to the EU index, which is an average of European settle-ment prices. For the year as a whole, the result was a settlement price which is DKK 1.34 below our strategic ambition.

Making substantial investments in sustainability, the value chain and innovation from farm to fork

For the five-year strategy period, we have defined a goal of investing around DKK 2 billion annually, equivalent to an increase of 23 per cent, focusing particularly on the value chain, sustainability and innovation.

In addition to investing in maintenance, we also invested in enhancing value creation during the year. We have started the first part of our investment in a new plant in Rochdale, UK, for slicing and packaging Danish bacon for the UK market. In Dinklage, Germany, we have expanded the production of pizza toppings.

In Denmark, our investments included the working environment through improved employee conditions in Blans, enhanced palletising capacity in Horsens and new and advanced robotic technology. To improve the health and safety environment, we will in the coming years retain a strong focus on scaling up production automation.

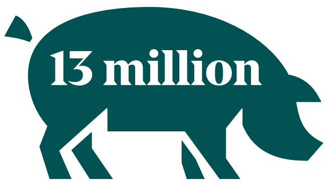
In Poland, we are investing heavily in scaling up capacity at the abattoir in Robakowo in order to supply the Polish market; the planning stage is well underway with construction scheduled to commence next year. Our plant in Podlaski has also been expanded. When making new investments, we remain focused on reducing greenhouse gas emissions and energy consumption, packaging reduction and the working environment.

Maintaining a sustainable production level for Danish pigs at the current level of 10-13 million

Our Danish farmers sent 13 million pigs for slaughter during the year, and we were able to maintain a high level of production. Our cooperative owners faced a truly extraordinary situation of very strong activity and pressure on the abattoirs early in the year, whereas deliveries decreased during the remainder of the year.

Excess supply in the European markets and weak demand from the large Chinese market resulted in a continued decrease in the prices for pigs. Demand only started to recover in February, which prompted rapidly increasing prices. However, Danish Crown's competitive strength was challenged by the prevailing market imbalances.

Our cooperate owners sent 13 million pigs for slaughter during the year



Smart and efficient supply chain

The surge in costs has had an impact on our operations, but we are generally off to a good start in terms of our strategy ambition of reducing costs by DKK 1 billion during the strategy period. Our supply chain excellence initiative has helped us bring down costs in our supply chain and global procurement.

In our supply chain, the roll-out of one our supply chain excellence programmes (Optima) has been a good tool for identifying and reducing costs. The programme has now been implemented at ten facilities.

In procurement, we launched a major logistics project to rethink and improve our transport solutions in relation to sustainability, financial viability and quality.

We are off to a good start in terms of reducing costs by DKK 1 billion during the strategy period

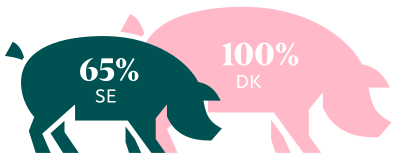
High-quality sustainable food

The fight against climate change is a key element of our sustainability strategy, and Danish Crown has defined a goal of halving our carbon footprint by 2030 and of being climate neutral by 2050. In June, Danish Crown submitted its targets for reducing climate emissions to the organisation Science Based Targets (SBT).

Our Climate Track programme is the tool for our cooperative owners to start working with sustainability at the farms. In Denmark, all our cooperative owners' pigs and calves are covered by the programme. The programme is now also being rolled out in Sweden, where it covers 65 per cent of the Swedish pigs supplied to us. With biodiversity now starting to be implemented in the Climate Track, the programme offers support for farmers who wish to drive initiatives on their farm.

We updated and renewed our animal welfare and sustainability policies in the year.

Share of pigs following the Climate Track programme



Adding more value to our products

By integrating the two business units Danish Crown Foods and Danish Crown Pork, we achieved a stronger integration of the value chain from farm to fork, giving us better opportunities to obtain more value from our own raw materials.

The task is to create more value by processing through innovation and branding. Specialised global and local categories will ensure execution power and that the solutions can be scaled and used in more markets.

The objective is to move more products from low-level processing at the bottom step of the value ladder to the higher levels (see our business model on page 4), where we can achieve a higher price for our products.

Processed products' share of volumes sold (measured in volume)

Recurring investments

Our initiatives to move more products higher up the value ladder were accelerated during the year. In Sweden, KLS has invested in Charkuterifabriken, thus taking additional steps towards growing as a sustainable Swedish food business constantly on the lookout for new opportunities to process its products.

In January, we launched eight plant-based products in Denmark, which include ready meals and meal components such as Veggie Fars (mince), Veggie Bites and Veggie Nuggets. Our first Danish product launch based on plant proteins builds on a collaboration between our Polish, Swedish and Danish innovation teams.

Furthermore, additional investments were made to consolidate our position in the three global categories: toppings, canned products and bacon.

Growth in our three global categories (measured in volume)

Strong product solutions fuel growth

Danish Crown Beef, DAT-Schaub and ESS-FOOD all succeeded in creating high value. Dedicated strategies in all three business units with overall strong core business operations and strong product solutions for customers yielded good results.

Beef market going through the roof

The strategic ambition of increasing value creation in local production was achieved through high settlement prices for the cooperative owners. Revenue improved by 26 per cent, earnings kept pace, and average settlement prices for the Danish cooperative owners rose by 38 per cent relative to the previous year.

The goal of strengthening the strategic product categories was met by offering a product range aligned with consumer needs. Notable sales successes for Danish Crown Beef in the Danish market were Burger Boost and 'Dansk Kalv', which carries the Danish state animal welfare label.

Danish Crown Beef reported increased earnings despite soaring costs for energy and transport among others – a challenge also facing the cooperative owners, whose profitability is squeezed by increasing feed costs in particular.

Another record year for DAT-Schaub

A strong market for DAT-Schaub's entire product portfolio enabled us to set another earnings record, with earnings increasing by nine per cent relative to the year before.

In July 2022, DAT-Schaub acquired the remaining shares in the US-based company DCW Casing.

In terms of strategy, DAT-Schaub also focused on ensuring a good integration of the acquired businesses. During the year, we worked to promote best practice in procurement, production and sales.

Organic growth in attractive markets

In ESS-FOOD, we have defined a goal of expanding our operations in the principal markets in Asia, the Middle East, Africa, Latin America and Europe.

During the year, ESS-FOOD delivered on the overall strategic ambition with particularly strong developments in the Middle East and a number of European markets. ESS-FOOD reported earnings that were a little higher than the year before.

Business

The Japanese 'shogayaki', where "shoga" means ginger and "yaki" grilled or roasted, is a popular tasty dish from the Japanese cuisine.

The dish can be prepared with small variations depending on cuisine and local tradition. Here it is served with thin cut pork collar from Danish Crown, vegetables and rice on the side.

Business areas

The launch of our Feeding the Future strategy resulted in structural changes to our business.

We want to create cohesion throughout our value chain from farm to fork while also striving to create simplicity and an overview. Consequently, we have integrated Danish Crown Foods (including Friland), which handles production and sale of processed products, and Danish Crown Pork, which handles fresh meat, into the business unit Danish Crown – one global business. Likewise, KLS in Sweden and Sokołów in Poland cover the full value chain from farm to fork in their respective local markets.

To illustrate how we operate and manage our business, we have changed the presentation of our business areas.

Danish Crown

The business unit Danish Crown and Danish Crown Beef process the raw materials of our cooperative owners into food sold in domestic and international markets, supported by the trading company ESS-FOOD. In total, they account for 70 per cent of the group's revenue.

Suppliers
Supplies of pigs, cattle and other raw materials

Cooperative owners and external suppliers

Cooperative owners and external suppliers

External suppliers

Operations
Denmark, Sweden, Germany, the Netherlands, Poland, the UK, France, China

Commercial
Denmark, Germany, China, the UK, Japan

Categories
Fresh meat, bacon, convenience, cold cuts, canned products, toppings

Brands
Danish Crown, Tulip, Friland, Gøl, Mou, Steff Houlberg, Den Grønne Slagter

Sokołów

Sokołów is a large food company in Poland based on raw materials from Polish pigs and cattle. The company's brand is the best-known meat brand in Poland.

Suppliers
Supplies of pigs, cattle and other raw materials

External suppliers

External suppliers

External suppliers

Operations
Poland

Commercial
Poland

Categories
Fresh meat, sausages, cold cuts, convenience

Brands
Sokołów, Sokoliki, Uczta Qulinarna, Naturrino, Z Gruntu Dobre

KLS

The food company KLS is a market leader in Swedish meat production based on raw materials from Swedish pigs and cattle. KLS has four abattoirs and four cold cuts and processing factories in Sweden.

Suppliers
Supplies of pigs, cattle and other raw materials

External suppliers

External suppliers

External suppliers

Operations
Sweden

Commercial
Sweden

Categories
Fresh meat, cold cuts, convenience, sausages

Brands
Dalsjöfors, Charkuterifabriken, Ugglarps, Ingemar Johansson, Charkprodukter

DAT-Schaub

DAT-Schaub is a global business which processes and sells natural and artificial casings to the food industry and ingredients to the pharmaceutical industry.

Suppliers
Supplies of pigs, cattle and other raw materials

Cooperative owners and external suppliers

No supplies

External suppliers

Operations
Denmark, Germany, Poland, the UK, France, Spain, Portugal, China, the USA, South America

Commercial
France, the USA, Denmark, Poland, Germany

Categories
Casings, mucosa, heparin, stomachs

Market volatility calls for swift action

In 2021/22, we were able to constantly adapt and achieve a stable security of supply in another year of extremely volatile market conditions with continuing COVID-19 lockdowns in the global market, outbreaks of African swine fever, war in Ukraine and the resulting energy crisis as well as strong inflation.

As in the preceding years, 2021/22 was characterised by unstable conditions in the global market for fresh meat. We have also seen a change in consumer behaviour with the reopening of society, especially in Europe, resulting in a normalised demand balance between retail and the foodservice market.

Markets impacted by weak demand and COVID-19
In the year, the price of fresh meat in the global market was affected by weakening demand. Especially in the first part of the year, there was a slump in demand in the Chinese market, which coincided with a number of European competitors sending their products to the already oversupplied European markets. Owing to our global presence, we have experienced an increase in sales to other overseas markets.

Sales of processed products were first and foremost affected by the continuing and varying degrees of COVID-19 lockdowns. In all countries, the foodservice segment was locked down or operated at a reduced pace in the autumn and winter months, while we saw the effects of reopening and witnessed a shift in demand from retail to the foodservice market in the spring and summer months. Thanks to ongoing and close dialogue with our customers, we were ready to supply products once they could reopen.

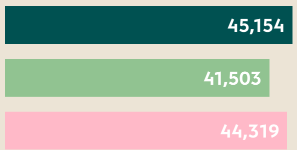
Moreover, sharply rising inflation towards the end of the year prompted a decrease in meat consumption in more European markets as consumers opt for cheaper alternatives. In spite of this, our supply stability and good customer relationships have enabled us to maintain satisfactory sales levels.

In the Danish market, we continued to see solid progress driven especially by the reopening of society, which prompted growth in the foodservice market. We continue to see good sales of our branded products, such as Tulip, GØL, Steff Houlberg, Mou and 'Den Grønne Slagter', and we have also witnessed growing demand for private-label products, which is a general market trend.

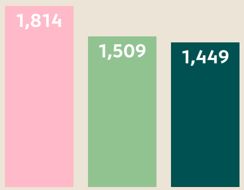
Danish Crown

The business unit Danish Crown and Danish Crown Beef process the raw materials of our cooperative owners into food sold in domestic and international markets, supported by the trading company ESS-FOOD. In total, they account for 70 per cent of the group's revenue.

● 2021/22 ● 2020/21 ● 2019/20



Revenue (DKKm)
Higher selling prices for the company's products helped to increase revenue by 9 per cent on sales that were on a level with last year. Beef represents the largest revenue increase of 26 per cent. The higher selling prices reflect the increasing costs experienced throughout the value chain.



EBIT (DKKm)
Earnings in the year were challenged by rapidly increasing costs especially for energy and freight, which we have incorporated into our selling prices in an ongoing process, although with some time delay. This work will continue in the new year.

12,887
12,284
10,280

No. of employees
The increase in the number of employees primarily took place in the German processing plants and was the result of strategic initiatives within bacon and toppings.

Following a long period of COVID-19, the international markets have normalised, and we have also enjoyed considerable success with our canned products for national distributors in the North American market.

Challenged supply chains
As in previous years, our supply chains were challenged as not only COVID-19 but also the war in Ukraine had a significant impact on the supply situation, causing shortages and delays. Sharply increasing prices, especially on energy and raw materials, caused additional challenges over the course of the year.

We had to tackle COVID-19 challenges at many of our production facilities, where procedures and initiatives such as increased hygiene and regular testing were continued. This has helped us avoid major outbreaks at our facilities, mainly as a result of the great preventative effort made by our employees.

Furthermore, extensive efforts have been made in other parts of the value chain, with procurement, logistics, distribution and administrative staff all making a huge effort to ensure that our products reached customers in time and that we could curb the increasing prices across our value chain – which we succeeded in doing to some extent.

These joint efforts made a magnificent contribution to ensuring food reached the markets. In the year, we have also worked to optimise the utilisation of our production capacity, allowing us to retain our competitive strength through flexible and efficient production and supply chains.

Growth in main categories
Many of our main categories, including sausages, bacon and toppings, experienced growth, in part because we were able to strengthen our collaboration with large international customers and launch new products to generate growth in these categories. In addition, we experienced strong demand from Ukraine for our canned products.

All markets are witnessing a modest decline in the consumption of meat proteins because of changed consumer preferences – and given that situation we are satisfied with our general development across all markets. We are constantly working to accommodate the change in eating patterns by continuously developing new and exciting high-quality products to support consumer wishes to eat less but higher quality meat. We are also constantly developing products with alternative proteins and have successfully launched a number of plant-based products in the Danish market.

In all our product ranges, we are also focused on making our products more sustainable and based on raw materials from farms with a high degree of animal welfare.

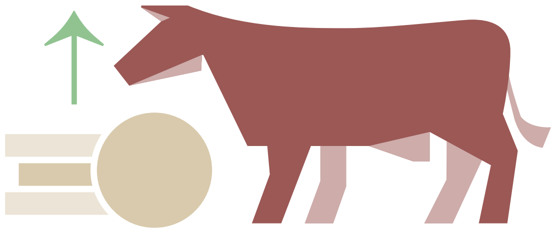
Likewise, developments during the past year confirm that we must work to continuously extract more value from the pigs we have and ensure that the demand for our pigs is among the highest in the market. Having already worked on this for several years, we will continue in this direction as part of our new strategy.

We will continue our efforts to make the production of slaughter animals more sustainable, while ensuring that consumers have more sustainable products to choose from.

We are constantly working to accommodate the changed eating patterns by continuously developing new and exciting high-quality products.

Beef prices increased

2021/22 was a good year for Danish Crown Beef. First and foremost, prices of beef have increased due to a combination of increased post-COVID-19 demand and a reduced supply of animals.



Excess supply in the pork market and African swine fever
In the early part of the year, weaker demand from several large markets resulted in an excess supply of pigs. Together with a very high level of pig production in Denmark, it resulted in maximum capacity utilisation at our abattoirs. During that same period, however, maintaining stable production output proved a challenge due to an outbreak of COVID-19 among our employees. Over the course of the year, supply has become better aligned with market demand, resulting in more stable production in the second half of the year, just as COVID-19 outbreaks have been far less frequent.

Towards the end of the year, there was a decrease in the supply of pigs on the Danish market due to the financial difficulties experienced by Danish farmers. This triggered a reduction in staff at two of our six Danish abattoirs.

Thanks to our very flexible supply chain, we overcame the challenges and ensured that our products found their way to the markets where we could achieve the highest prices.

Due to an outbreak of African swine fever in Italy, the country can no longer export pork to a number of countries. This was also the case for Germany and Poland, where the disease spread further. Combined with weak exports from the EU, this resulted in an excess supply of pork in the European market.

In the German market, abattoirs tried to maintain their capacity utilisation, as a result of which prices of slaughter animals did not reflect the prices consumers and customers were willing to pay, and many German abattoirs, including our own, experienced a period of poor financial performance.

Despite the abnormal market conditions with respect to excess supply, African swine fever and macroeconomic conditions, we were able to raise settlement prices during the year, but unfortunately they are currently below the prices paid by some of our European competitors.

The market for Beef
2021/22 was a good year for Danish Crown Beef. First and foremost, beef prices have risen due to a combination of increased post-COVID-19 demand and a reduced supply of animals.

We scaled up our innovation initiatives in 2021/22. Owing to a dedicated effort, products not usually found on the market have paved the way for potential new sales successes – including in the Far East and North America, where Danish Crown Beef's longstanding presence and collaboration with local players have generated noticeable consumer interest. Veal and beef short ribs are some of the products in particular demand from export customers.

Our promotion of the 'Dansk Kalv' label has also yielded results, with Danish consumers becoming increasingly aware of the qualities of Danish veal. In fact, Danish Crown Beef has increased its sales of animal welfare-labelled veal in Denmark by 45 per cent in the past year, while revenue has increased by as much as 52 per cent. Today, we have about 90,000 calves under the concept. We believe that there are sufficient market opportunities to increase the number to 100,000 calves per year. We will work on this in the coming year.

Our two German factories have been combined under one management structure, which has helped improve their financial performance by 72 per cent on the previous year. At our hides company, Scan-Hide, we are continuing to improve efficiency and automation to maintain the strong performance.

Our trading company ESS-FOOD
During times of market turbulence, we have the market insight and experience to be able to scale up our efforts in most markets in order to boost revenue and earnings, and ESS-FOOD demonstrated that ability again in 2021/22.

Despite the near-total loss of the huge sales we previously enjoyed in the Chinese market, we were able to turn our attention to other markets – most notably the Far East, Middle East and Europe – and to generate volume and strong earnings through these markets.

Our skilled and committed employees are the most important asset we have in the trading business, which is why we regularly invest in developing our employees and optimising our teams to the benefit of the employees and the business alike.

Today, we have about 90,000 calves under the concept. We believe that there are sufficient market opportunities to increase the number to 100,000 calves per year. We will work on this in the coming year.

DANSK KALV
DEDIKERET TIL DET GODE KALVELIV

Strong effort in a difficult market

We have worked hard to maintain our strong position in the Polish market and have to a large extent succeeded. The Polish market faced severe challenges in 2021/22 – both in terms of the market supply chain for pigs and cattle for slaughter and market conditions when selling products to customers and consumers.

Market situation in the year
Generally securing and preserving Sokołów's strong market position has been an imperative. A key element in that regard has been a continued strategic focus on Sokołów's network of stores, covering most parts of Poland. Here we have worked to enhance commercial synergies throughout the store chain to accommodate increased demands in this part of the market.

Intensifying competition in the market was also reflected by an increasing number of marketing campaigns and other customer retention initiatives, both from retail chains and small local store groupings. We made similar efforts ourselves, defending the position of the Sokołów brand by way of marketing activities and campaigns.

We also continued our marketing initiatives to support the Sokoliki brand on products targeting children in particular, where we have worked with events, sporting arrangements and other activities.

Product-wise, we have been running a dedicated marketing campaign for dried sausages aimed at the youth segment, with the campaign being aired on several social media such as Twitter, TikTok and Instagram.

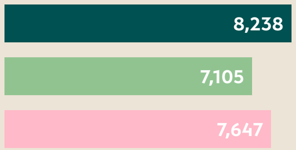
More plant-based products
The Polish market continues to witness a shift in demand driven by changing dietary habits among consumers and the wish to focus on sustainable products. Our development and innovation teams continued to develop new products during the year to accommodate this shift.

During the year, we updated our barbecue product range with new innovative products – both meat products and plant-based products targeting flexitarians and vegetarians alike. In the period,

Sokołów

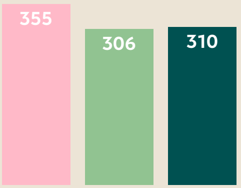
Sokołów is a large food company in Poland based on raw materials from Polish pigs and cattle. The company's brand is the best-known meat brand in Poland.

● 2021/22 ● 2020/21 ● 2019/20



Revenue (DKKm)

Revenue increased by 16 per cent despite a decrease in sales. This development reflects the fact that inflation occurred earlier in Poland than in the other Northern European markets and has landed at a somewhat higher level. We have succeeded in incorporating the elevated inflation in our selling prices in the Polish market.



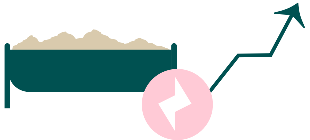
EBIT (DKKm)

Despite a very turbulent year, we succeeded in increasing earnings in the Polish market relative to the year before, among other things by consistently optimising our product portfolio. However, earnings did not match the very strong earnings achieved in 2019/20. A lower DKK/PLN exchange rate accounted for about half of the decrease.

8,166
8,397
8,186

No. of employees

The decreasing number of employees reflects the lower tonnage passing through the Polish facilities.



Polish farmers were squeezed by higher feed and energy prices in the year.

The Sokoliki product range consists of a number of products with a high protein content and lower fat content. The youngest consumers are the main target group for the products.

we have also continued our sustainability efforts, which include initiatives to reduce water and energy consumption and other projects aimed at reducing greenhouse gas emissions in our value chain. One of our initiatives in the area of packaging aims to reduce these emissions from more of our packaging products – while giving due consideration to food safety.

The Polish marked for raw materials
During the year, Polish farmers were increasingly squeezed by higher prices for feed and energy, in part due to the war in Ukraine. The price of pigs increased during the period, but not to the same extent as the production price, which prompted a significant reduction in the production of Polish pigs. At the end of the year, production was 13 per cent lower than the year before. However, our market share increased.

Furthermore, Poland remains strongly affected by African swine fever (ASF), which has resulted in an export ban on meat products to countries such as China, Japan and South Korea. As a number of other EU countries are also affected, the European meat market has been oversupplied, which has pushed meat prices lower. In Poland, many businesses thus opted to buy cheap meat for further processing, primarily from Spain and Germany.

Overall, these trends resulted in increasing raw materials prices for the processing business, which is also adversely affected by continuing COVID-19 measures, increasing energy prices, higher payroll costs and a general increase in inflation. Combined with growing competition in the Polish market, this has placed significant demands on the agility and adaptability of the business.

In addition to the above-mentioned negative impacts, the war in Ukraine has also affected the Sokołów business, as part of the Ukrainian demand has shifted from fresh meat to canned products – and we have aligned our production accordingly. At the same time, many Ukrainian refugees have found work in the Polish society.

In the beef market, we have seen many new players emerge and a higher level of activity among existing producers, resulting in intensified competition in this market segment. Combined with the higher cattle prices, this has made it difficult to generate strong earnings in the segment.

During the year, we initiated large investments in our facilities in Robakowo and Podlaski in Poland with a view to further enhancing production efficiency.

A growing business

We continue to generate growth in our Swedish business measured in terms of volume and revenue alike. A change in our visual identity reflects that we are a more integrated food business with a broader product range.

About KLS
KLS covers both slaughtering and processing activities in Sweden. Production is based on Swedish raw materials, and products are sold in the Swedish market. Most of the business is centred on slaughtering and deboning, primarily of pork and beef, but there is growth in the production of convenience products, such as sausages, pâté and soups. Non-traditional products, such as pigs' heads, trotters and tails, are exported to ensure that we use all parts of the animals.

During the year, KLS acquired Charkuterifabriken in Halmstad, a processing company producing bacon and cold cuts for customers in Sweden. KLS has supplied the bulk of the raw materials to the factory, and the acquisition was made as a part of KLS' strategy to grow within processed foods and thereby ensure that there is good food based on Swedish raw materials available in the Swedish market.

In 2021/22, we changed our KLS logo and visual identity to reflect that we are now a more integral player in the market, offering a broader product range.

The market situation in the year
During 2021/22, the market recovered from the substantial impacts of COVID-19. In Sweden, sales have increasingly moved from retailers back to the foodservice segment. We supply fresh meat and processed food to both sales channels.

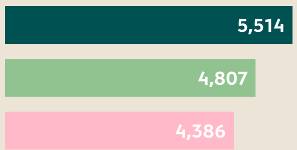
Rapidly increasing prices have had a noticeable impact on Swedish farmers. In the year, we increased payments to farmers for all types of animals. At the same time, some farmers are planning to retire and so stop their production, which is expected to reduce the number of animals in the Swedish market in coming years.

Growth
We grew our Swedish business in the year – measured both in terms of volumes and revenue. Unfortunately, inflation pushed up prices, especially for raw materials, transport and energy, which had an adverse impact on earnings.

KLS

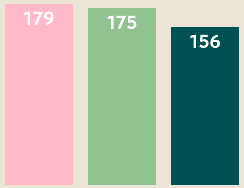
The food company KLS is a market leader in Swedish meat production based on raw materials from Swedish pigs and cattle. KLS has four abattoirs and four cold cuts and processing factories in Sweden.

● 2021/22 ● 2020/21 ● 2019/20



Revenue (DKKm)

Of the revenue increase in the Swedish business, 80 per cent is attributable to the acquisition of Charkuterifabriken. In the Swedish market, price increases were not as large as in the other Northern European markets.



EBIT (DKKm)

Earnings for the year in KLS were adversely affected by increased inflation, but also by intensified competition in the Swedish market for fresh meat in the form of increasing imports of cheap fresh meat from other countries.

1,173
1,055
944

No. of employees

The increase in the number of employees over the three years reflects the acquisition of several processing businesses in the Swedish market.

In recent years, we have worked to optimise processes in the company, which will help address these challenges. This journey will continue in the years ahead.

Last year, we launched a plant-based product range based on Swedish raw materials, and we will continue to develop these products together with our customers. While this is still a small market, our customers are winning a fair share of the market. We want to create options for consumers so they can enjoy good food no matter whether they prefer pork, beef or a plant-based meal.

Animal welfare
Animal welfare is extremely important to us. When it comes to animal welfare, Sweden has some of the strictest rules in the world, and we are proud to work in this field together with our farmers and the authorities.

Because of the size of our factories, the authorities are always present when we slaughter animals. We are happy with this extra control, which helps to ensure compliance with animal welfare standards.

We constantly invest in improving animal welfare at our production facilities, and we work with an independent consultant to identify further improvements in this area.

Environment
We actively work to reduce our greenhouse gas emissions, minimise the consumption of energy and water and ensure that all parts of the animals are used in the best way possible. Together with the Swedish farmers, we map our climate impact throughout the production chain and seek to make improvements.

KLS constantly develops new recipes and cuts in cooperation with customers. This applies to pork and beef and also the development of plant-based products and convenience food. These initiatives are driven by honest food craftsmanship that builds on the same principles as in your own kitchen.

Good year for natural casings

DAT-Schaub is growing both its revenue and earnings and sets another record this year.

Our DAT-Schaub business developed very positively again this year, reporting a record-high revenue and the strongest earnings in the company's history.

The COVID-19 pandemic continued to weigh on the business in 2021/22, primarily in the form of logistical challenges and a temporary shutdown of our factory in Shanghai, China, in spring 2022. Access to raw materials from pigs remained under pressure due to slaughter volume fluctuations. Having skilled and committed employees, DAT-Schaub has shown a large degree of flexibility and resolved the challenges it faced during the year in a highly satisfactory manner.

DAT-Schaub enjoys a strong market position within hog casings based on raw materials from both North and South America as well as from Europe. In the year, we maintained a high share of raw materials deriving from markets outside Denmark such that Danish raw materials only account for around 16 per cent of the raw materials the company has at its disposal.

The market for hog casings grew steadily in the year and saw slightly increasing raw materials and finished products prices over the year. As in previous years, we collaborated continuously with existing and new suppliers in order to increase the value creation of the company's raw materials.

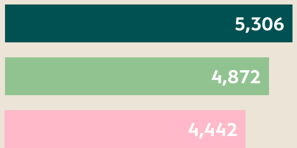
In 2021/22, we obtained full ownership of our important US-based company DCW Casing, which was established in 2012. Over the course of a decade, DCW Casing has consolidated its position as the largest hog casings business in the USA combined with substantial sales of sheep casings. The business has also expanded its operations with sales of raw heparin for the pharmaceutical industry. These strong developments made it a logical next step for us to obtain full ownership with an unchanged local management team.

DAT-Schaub experienced both increasing prices on finished products and higher volumes of sheep casings, resulting in improved revenue and earnings. Sales prices of mucosa and raw heparin have shown a downward trend.

DAT-Schaub

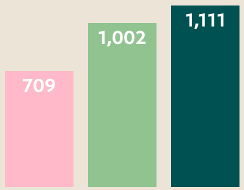
DAT-Schaub is a global business which processes and sells natural and artificial casings to the food industry and ingredients to the pharmaceutical industry.

● 2021/22 ● 2020/21 ● 2019/20



Revenue (DKKm)

Revenue in DAT-Schaub continues to increase every year by just under 10 per cent annually. We have successfully secured a stronger basis of raw materials, and selling prices have increased over the years. We also continue our efforts to improve the utilisation of the products.



EBIT (DKKm)

Earnings follow the increase in revenue. This has made it possible to increase selling prices sufficiently to compensate for the higher inflation, which is seen in most of the markets where DAT-Schaub operates.

3,738
3,550
3,385

No. of employees

The number of employees has increased over the three-year period, in part driven by the higher level of activities and in part by acquisitions. The employees are spread across many locations where the company conducts its activities.

Group financial highlights

DKKm	2017/18*	2018/19	2019/20	2020/21	2021/22
Income statement					
Revenue	53,551	56,506	60,794	58,287	64,212
Operating profit before special items (EBIT)	2,091	2,522	2,860	2,818	2,885
EBIT %	3.9%	4.5%	4.7%	4.8%	4.5%
Operating profit after special items	2,394	2,522	2,718	2,818	2,885
Net financials	-198	-232	-185	-161	-226
Net profit for the year from continuing operations	1,952	1,953	2,141	2,255	2,180
Net profit for the year from discontinued operations	-591	-785	14	0	0
Balance sheet					
Total assets	27,980	28,443	24,473	25,539	29,356
Invested capital	20,184	18,262	17,044	18,391	20,779
– Of which net working capital	6,330	6,618	4,981	5,850	7,659
Return on invested capital (ROAIC)	11.3%	13.1%	16.2%	15.9%	14.7%
Equity	7,540	7,361	8,055	8,363	8,173
Solvency ratio	26.9%	25.9%	32.9%	32.7%	27.8%
Net interest-bearing debt	12,643	11,847	8,989	10,028	12,606
Financial gearing	4.1	3.2	2.1	2.3	2.9
Interest cover	14.5	15.2	19.7	24.2	18.8
Cash flow statement					
Cash flows from operating and investing activities	-1,219	954	3,506	1,137	480
– Of which investment in property plant and equipment	1,081	1,398	1,494	1,718	1,551

DKKm	2017/18	2018/19	2019/20	2020/21	2021/22
Supplementary payments, DKK/kg					
Supplementary payments, pigs	0.80	1.05	1.35	1.30	1.30
Supplementary payments, sows	0.70	0.90	1.20	1.10	1.10
Supplementary payments, cattle	0.95	0.80	1.25	1.30	1.35
Total supplementary payments, DKKm					
Supplementary payments, pigs	922	1,132	1,450	1,512	1,497
Supplementary payments, sows	31	38	45	48	54
Supplementary payments, cattle	75	61	89	90	91
Total supplementary payments	1,028	1,231	1,584	1,650	1,642
Disbursement according to articles 22.2 d and 22.3.2 of the articles of association	42	27	34	22	23
Total disbursement	1,070	1,258	1,618	1,672	1,665
Supplies from cooperative owners weighted in, million kg					
Pigs	1,152.0	1,078.4	1,074.4	1,162.6	1,151.7
Sows	44.7	41.6	37.7	44.0	49.3
Cattle	79.2	76.1	70.9	69.3	67.2
No. of cooperative owners					
No. of cooperative owners	6,830	6,426	5,900	5,620	5,404
No. of employees					
Average no. of full-time employees	21,769	23,052	22,996	25,918	26,641

* 2017/18 figures have been restated with respect to the income statement and cash flow statement. Tulip Ltd is considered a discontinued activity and is reported under a separate line.

Stable financial performance in a volatile market

Stable financial performance based on increasing prices for the company's products that match inflation and the increasing costs.

Our revenue increased by 10 per cent to DKK 64 billion. The increase was driven by higher prices of our products, while volumes are unchanged from last year. During the first three quarters of the year, our cooperative owners delivered more kilos than expected, but in the last quarter there was a decrease in deliverables. The revenue increase was seen in all our business units. Our Beef business was the top performer with a revenue increase of just under 30 per cent, but also in the Swedish and Polish markets we increased the sales value of our products.

The price increases should be seen in the context of the strong inflation and the resulting higher costs we experienced throughout the value chain, both in our company and for our owners. In the company, we estimate that inflation has increased our costs (exclusive of meat purchases) by around DKK 1.5 billion. We have therefore made an active effort to increase the sales value of our products. This work will continue in the new year.

We managed to ensure a gross result that can cover the sharply increasing distribution costs we have incurred for, among other things, higher freight and storage costs.

With respect to administrative expenses, we were partly able to achieve savings to compensate for the rising inflation, as a result of which administrative expenses rose by only 2 per cent.

The results of our associated companies were lower than last year due to lower earnings in DAKA.

The financial expenses (adjusted for foreign currency translation adjustment) increased by 35 per cent because of a higher level of interest rates on our debt and a higher debt.

Overall, we realised a profit after tax of DKK 2.2 billion, which is on a level with last year and considered satisfactory.

This Danish gourmet restaurant is sharply focused on seasonal raw materials, meticulous craftsmanship and unique taste.

Assets
Our total assets increased by 3.8 billion, primarily as a result of increased working capital driven, in particular, by the increasing price level for the company's products.

We made investments totalling DKK 1.6 billion in the year. To this should be added new leased assets of DKK 0.4 billion, so that total investments amount to DKK 2 billion, which was DKK 0.5 billion more than the depreciation for the year. Among other things, we have invested in our strategic bacon and pizza toppings initiatives, but we also invested a substantial amount in our abattoirs. We have invested more than DKK 0.7 billion in Denmark and have also made triple-digit million DKK investments in our facilities in Poland and Germany. In addition, we have initiated a large investment in the UK market.

Equity
At the end of 2021/22, our equity amounted to DKK 8.2 billion. This is a decrease of DKK 0.2 billion relative to last year due to payments made to non-controlling shareholders of DAT-Schaub's US business, which we bought out during the year.

At the end of 2021/22, the solvency ratio was 27.8 per cent, which is a decrease relative to last year. The decrease was in part due to an increase in total assets and in part to the payment made to non-controlling shareholders.

The financial gearing increased from 2.3 to 2.9, which is still a satisfactory level and better than our long-term target of 3.0. As such, there is still a basis for the strategic investments we plan for the coming years.

The financial gearing remains better than our target of 3.0, which shows that the company is financially sound.

Liabilities
During the year, net interest-bearing debt increased by DKK 2.6 billion to DKK 12.6 billion.

Our financing structure is based mainly on credits with a maturity of more than one year. 75 per cent of our interest-bearing debt is long-term, against 77 per cent last year.

The share of interest-bearing debt falling due after more than five years from the balance sheet date is now 17 per cent, against 25 per cent last year. Fixed-rate loans make up approximately 23 per cent of total loans, against 41 per cent at the end of 2020/21.

Cash flow statement
Cash flows from operating activities for the year amounted to DKK 2.1 billion. While the contribution from the group's earnings was on par with last year, working capital developed negatively during the year. Prices of our products have increased, which increases the amount of liquidity tied up in inventories and debtors, although this is partly offset by an increased debt to our suppliers. However, we still believe we can reduce our working capital, which will be a clear focus area in the coming year.

Total cash flows to investments amount to DKK 1.6 billion, which is marginally lower than last year.

In the year, we paid a total of DKK 2.4 billion to our cooperative owners and to the non-controlling owners of our group.

The total liquidity outflow was financed by the raising of debt in the amount of DKK 2.1 billion.

Outlook for the coming year
For the upcoming year, we expect the operating profit (EBIT) and net profit to be on par with 2021/22.

Governance

Ownership strategy | Governance structure | Code of Conduct | Whistleblower scheme | Sustainability | HR | Risk management | Compliance | Executive Board and Board of Directors

Danish Crown supplies meat to a number of countries all over the world, each with their preferred cuts, preparation and taste nuances.

In South Korea, for example, where the meat is served directly on the tabletop barbeque and supplemented with vegetables, including the tasty Korean classic, kimchi.

Well-functioning cooperative ownership

Danish Crown is operated in close cooperation with the more than five thousand Danish farmers who own our group. This ownership structure has worked well for 135 years, and the development continues.

Since the business was founded in 1887, our operations have built on the fundamental principles of the cooperative movement: That the interests of every individual farmer are best served in a joint, professionally run company and that each farmer has one vote in the company – regardless of the size of the farm.

Corporate governance principles
Being a cooperative, Danish Crown is not under an obligation to comply with the recommendations on corporate governance that listed companies must observe. Nevertheless, Danish Crown has opted to act in accordance with these recommendations – with three exceptions that follow from it being a cooperative owned by its suppliers:

- The company does not publish quarterly reports, only half-year reports. The Board of Representatives receives quarterly reports.
- The remuneration and remuneration policy for the Board of Directors and the Executive Board are so far not disclosed, nor does the Board of Directors of Leverandørselskabet Danish Crown AmbA meet the recommendations with regard to independence and disclosure of ownership shares.
- As laid down in Leverandørselskabet Danish Crown AmbA's articles of association, cooperative owners wishing to exercise their influence at the meetings of the Board of Representatives must attend such meetings in person or by written proxy.

Ongoing dialogue with the society around us
Each year, Danish Crown's owners invite thousands of Danes to see their pig and cattle farms. In this way, our cooperative owners establish a direct contact with many types of people; from school children and business clubs to ordinary citizens and consumers. The contact is important, as it helps create insight into a profession that fewer and fewer people have first-hand knowledge of. It is good to meet and speak openly about some of the topics we all think about, such as animal welfare, the use of medicine, the environment and the climate. In 2022, 34 of our cooperative owners hosted such events.

Partnerships with other businesses underpin our work with the green transition. During the past year, we have invited several partners to join our efforts to develop Danish Crown towards becoming a more sustainable producer of meat. For example, Danish Crown was a founding partner partner of AgriFoodTure, which consists of 40 partners from the Danish industrial sector, academia, civil society and the authorities. The partnership is intended to create new knowledge and solutions for the agricultural and food sector with a view to achieving Denmark's ambitious climate goal of a 70 per cent reduction in greenhouse gas emissions by 2030 and net-zero emissions by 2050.

Another example is the partnership 'Supplier Driven Innovation Programme', where we have invited both established businesses and innovative start-ups to team up with us to develop the packaging of tomorrow. The partnership is to help us achieve the goal in our new packaging strategy that all our products must be packed in recyclable packaging by 2030 and that the consumption of packaging must be reduced by 30 per cent.

In the area of transport, we also participate in partnerships, for example in a project concerning the use of electric refrigerated trailers. As the technology is still in its infancy, cooperation on testing and development is paramount.

To a global food company like Danish Crown, it is essential to establish close relations and dialogue with customers and consumers around the world. An important tool in this context are the international food fairs where we meet existing as well as prospective customers and not only receive feedback with respect to existing products, but also gain an understanding of what the consumers of tomorrow will demand.

Dual governance structure
Cooperative ownership means that Danish Crown has a two-tier governance structure.

- An owner management in Leverandørselskabet Danish Crown AmbA, which owns Danish Crown A/S.
- A company management in charge of running and developing Danish Crown A/S.

The cooperative ownership builds on three pillars which strengthen both the individual farmer and Danish Crown as a business:

Active ownership
Danish Crown exists for its current and continuing cooperative owners. The committed owners actively take responsibility for their jointly owned company. Their co-influence on the development of our business helps ensure broad support for strategic decisions.

Capital for investments
The ownership strengthens the understanding that the necessary capital to invest in the future must be in place – both at the farms and in the group as a whole.

Stable supplies
The cooperative owners have both a right and a duty to supply their slaughter animals to Danish Crown, who in turn undertakes to create value and provide the cooperative owners with simple, fair and competitive settlement prices.

The farmers exercise their ownership in the districts through elections of 90 representatives to the Board of Representatives, from which members are elected to the Board of Directors of Leverandørselskabet Danish Crown AmbA. The ownership is also exercised through representation on the Board of Directors of Danish Crown A/S and through ongoing dialogue with the Danish Crown management.

Read more

Read more about our ownership strategy on danishcrown.com/owner-strategy

Corporate governance in the cooperative

Board of Representatives

The Board of Representatives is the supreme authority, which consists of up to 90 members elected by and among the company's cooperative owners as well as 24 observers elected by and among the employees.

During the financial year, half-yearly district meetings and quarterly meetings of the Board of Representatives are held, at which the cooperative owners are informed about important matters regarding the company's strategy, operation and current status, including information about quarterly and annual reporting.

Board of Directors

The Board of Directors is responsible for all matters relating to the cooperative owners, including procurement of the farmers' supplies.

Furthermore, as the owner of the Danish Crown Group, Leverandørselskabet Danish Crown AmbA is responsible for matters relating to capital, ownership and strategy.

The Board of Directors, whose members are elected for terms of two years, currently consists of ten members and one observer, all elected by and among the 90 members of the Board of Representatives.

Board committees

The Nomination, Compensation and Benefits Committee prepares an annual evaluation for the Board of Directors on the composition of and the filling of positions for the boards of directors and committees to which the company has a right of nomination, as well as their remunerations.
Chairman: Erik Bredholt

	Number of meetings	Participation rate
Board of Directors, Leverandørselskabet Danish Crown AmbA	12	98%
Nomination, Compensation and Benefits Committee	3	100%

Corporate governance

Board of Directors

The Board of Directors is responsible for following up on, sparring with and controlling of the business operations, development, management and financial affairs. The Board of Directors elects a chairman and a vice-chairman who do not participate in the day-to-day management.

The Board of Directors currently consists of six cooperative owners elected by the general shareholders' meeting (elected for one year at a time), three employee representatives (elected for four years at a time) and four external, independent members elected by the general shareholders' meeting (elected for one year at a time), who each contributes relevant high-level expertise and experience.

Board committees

The Audit Committee monitors the company's accounting and auditing matters and reports significant accounting practices and estimates to the Board of Directors prior to the approval of the annual report.

The need for an internal audit is assessed on an ongoing basis, but this is not considered relevant at present.
Chairman: Jesper V. Christensen

The Nomination and Remuneration Committee prepares an annual remuneration policy and remuneration recommendations for the Executive Board.
Chairman: Erik Bredholt

Executive Board

The Executive Board is responsible for the day-to-day management of the company. As Group CEO, Jais Valeur is in charge of the strategic and group coordination of the business units. The other members of the Executive Board are Group CFO Thomas Ahle and Group EVP Tim Ørting Jørgensen (the latter as of 1 August 2022).

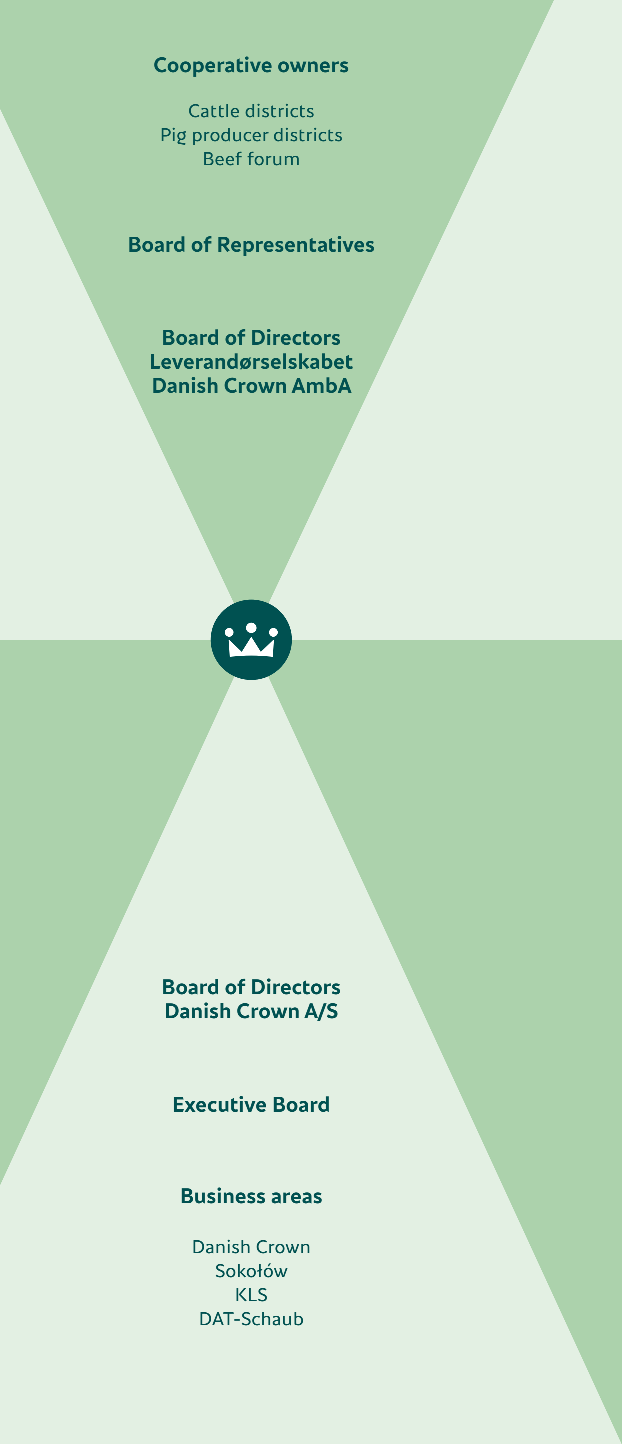
All members of the Executive Board work closely with, but independently of, the Board of Directors, which has laid down tasks and segregation of responsibilities in formal instructions to the Executive Board.

At his own request, Group COO Preben Sunke opted to retire as of 30 April 2022, and his duties have been distributed among the other members of the group management.

Business activities

The business management of Danish Crown is organised in operational business units and group functions.

	Number of meetings	Participation rate
Board of Directors, Danish Crown A/S	8	98%
Nomination and Remuneration Committee	3	100%
Audit Committee	5	100%



Transparency important for confidence

With our Code of Conduct, we undertake to observe a set of clear and common principles for Danish Crown's conduct as a business. Such clear and defined principles of responsibility are important for maintaining confidence in Danish Crown as a global business with activities in many countries. We continuously get new employees, customers and business partners and cannot take it for granted that they all know or share the principles and values that form the foundation on which we operate as a business.

Thus, we have to articulate our values – loud and clear. We do that by way of our Code of Conduct, which is comprised of eight rules.

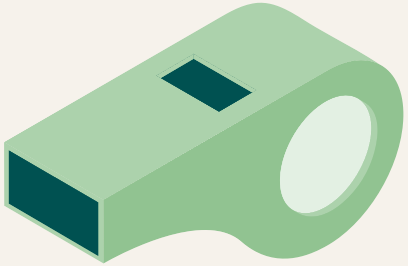
Obviously, writing down the rules is not enough. We must actively disseminate awareness of our rules and how employees should act if they experience conduct that is contrary to our rules. To maintain confidence in Danish Crown as a business, it must be obvious to our employees, cooperative owners and surroundings that we act with integrity and transparency in all our business operations.

Confidence is also the cornerstone of the dialogue we have with each other and with the world around us. We must listen to and learn from each other to be able to take our stakeholders' views into consideration when we formulate our opinions and make decisions. Towards our employees, we are responsible for providing good jobs for everyone. We believe that the diversity existing in our workforce makes us a more creative, productive and attractive workplace.

Read more

Read more about our Code of Conduct on danishcrown.com/code-of-conduct

We must listen to and learn from each other to be able to take our stakeholders' views into consideration when we formulate our opinions and make decisions.



Spreading the word about our whistleblower scheme

At Danish Crown, we have committed ourselves to pursuing high ethical, moral and legal standards in all our business activities and to promote and support a culture of honest and just behaviour, corporate compliance and good corporate governance.

Read more

The updated policy has been approved by Danish Crown's Board of Directors and is available on danishcrown.com/whistleblower

We encourage an open culture where everyone is free to raise any concerns they may have, especially if they become aware of any unlawful or unethical business conduct or serious violations of internal rules and policies.

Danish Crown's whistleblower scheme represents a safe channel for all employees of the group to report suspected criminal or unethical conduct, including matters concerning bribery and corruption, food safety and quality issues, discrimination and other issues that may cause Danish Crown to incur a financial loss, damage our reputation or have other negative impacts for our business and/or the persons involved. The whistleblower scheme may also be used by external stakeholders such as business partners, suppliers and customers.

All whistleblower reports are handled by the Danish Crown Whistleblower Committee, which is a small internal committee consisting of four senior managers. During the year, 21 reports were received, of which 19 have been addressed by the committee, while two reports did not concern topics that are to be handled under the scheme but in a different way in the company. The reports cover six topics and six countries. During the year, we updated our whistleblower policy in order to ensure compliance with new legislation in the area.

To ensure that all whistleblower reports are handled effectively and subject to strict anonymity, confidentiality and security as well as in compliance with legislation, the Danish Crown Whistleblower Committee has defined a standard procedure that must be complied with. Over the course of the spring, senior global managers have been given a thorough introduction to the whistleblower scheme to increase their knowledge about the process for handling reports.

Communication

To further disseminate knowledge about our whistleblower scheme and underline that reports will be taken seriously and addressed thoroughly, we have been running information campaigns during the year under the heading 'Do you know how to blow the whistle' on the group intranet as well as in our employee magazine and on big screens in our canteens. On our intranet, we have posted instruction videos showing how to file a report. These are available throughout the group in nine languages, while the whistleblower portal is available to employees and other stakeholders in 28 different languages.

Sustainability anchored throughout the business

Our sustainability strategy is incorporated in all parts of our business and has set the direction for how we work. We now focus on following up on meeting the targets we have set and on making non-financial data an integral part of our reporting.

Meat is a natural component and an important source of protein of many people's diet all over the world. However, meat production also contributes to the greenhouse gas emissions and this is a fundamental challenge for all meat producers, including Danish Crown. We have a responsibility for reducing the adverse impacts on people and the environment in our value chain. We believe consumers should eat less but better meat. Diets should be balanced and combine plant-based food with sustainably produced meat of high quality. That is a key contribution to mitigating the consumers' climate impact.

As part of Danish Crown's strategy for a sustainable future for food, we assume responsibility for all stages of the food production process.

We have defined four key focus areas which support selected Sustainable Development Goals:

- Sustainable farming
- Sustainable food production
- Good jobs for everyone
- Together with customers and consumers

We translate the strategy into practice by working systematically and persistently at two levels. Partly by taking the lead and, across the value chain, seeking to drive developments throughout the industry in a sustainable direction. We thus participate in debates both on various media and in various fora where the green transition and diet are up for discussion. Partly by incorporating and anchoring the principles for sustainability and responsible business conduct in our own business. We have incorporated governance practices for sustainability internally in Danish Crown. We focus on data and reporting.

In 2021/22, we have worked to improve the quality of non-financial data in our reporting practices. Cross-organisational sustainability decisions across the group are anchored in our Executive Board and the senior business management team.

Read more

Sustainability activities are reported separately in our Sustainability report 2021/22, available on danishcrown.com/sustainability-report

Diets should be balanced and combine plant-based food with sustainably produced meat of high quality. That is a key contribution to mitigating the consumers' climate impact.

Reaping the fruits of systematic HR efforts

The highest employee satisfaction score in ten years indicates that our efforts to strengthen management, competences and working conditions are on track. These efforts are intended to underpin our strategy, and we need to do even better in a number of areas.

Our latest satisfaction and motivation survey conducted among almost 20,000 employees shows the highest score since 2011 among both hourly paid workers and salaried employees.

On a scale of 0 to 100, the overall motivation and satisfaction score stands at 71.4 – one point higher than in the last survey, conducted in 2020. Looking solely at salaried employees, the score has improved even more – from 74.1 to 76.5, see chart at the top right of this page. On all the parameters typically affecting employee satisfaction, our performance is in line with or above the average score of other global companies with a similar employee composition. What is new is that, on several parameters, we are globally approaching the level of the best quarter, see chart at the bottom right of this page.

This performance is especially remarkable in that it has been achieved in the aftermath of two years during which COVID-19 caused a lot of changes. Not least for our employees in the production, tests and personal protective equipment impacted the everyday lives of our employees for long periods. But this has not left a permanent mark on satisfaction scores – it may even have strengthened team spirit ("We are One Team"), which has improved by a couple of points.

Need for quality and a systematic approach

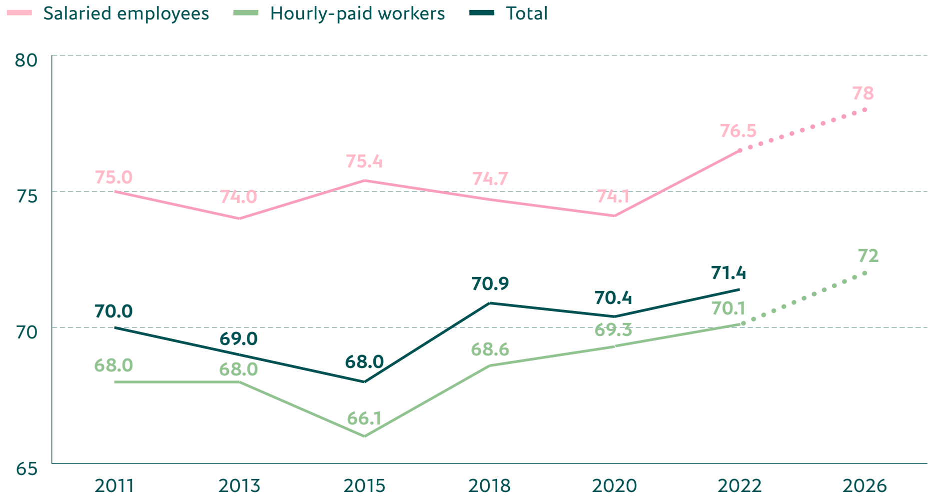
The steadily improving satisfaction scores confirm that our systematic efforts to make Danish Crown an attractive workplace for all are on track. When we invest in people, this benefits the individual employee, but it is also a necessary element for supporting our strategy, Feeding the Future. Going forward, our business needs to move even closer to customers and consumers. The interplay between the units across the group needs to be strengthened. And our entire global production must be run as efficiently as possible. This all sets high demands for how Danish Crown functions as a workplace.

Developing competences and talent

Over the next years, we need to systematically strengthen a number of competences across the entire group that will become increasingly important going forward. These include operational optimisation, commercialisation, digitalisation and business integration.

Employee motivation and satisfaction

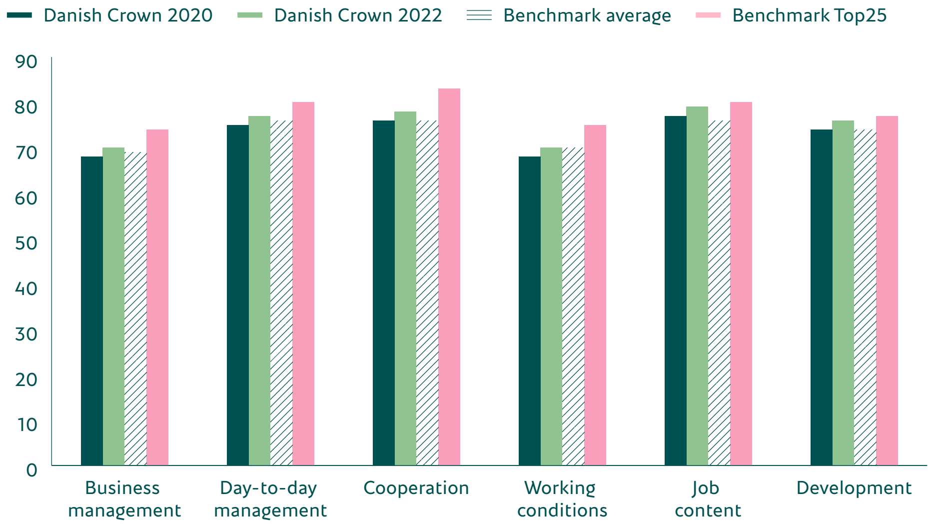
Development since 2011 and goals for 2026



Source: Check Survey 2022, Ennova

Satisfaction with job factors at Danish Crown

Compared with other workplaces on an international level



Source: Check Survey 2022, Ennova

Training and education are important across all levels and areas of the business – from competence clarification and relevant courses for hourly paid workers to an ambitious leadership development programme, which has been completed by all managers by the end of 2021/22. We have also launched two new talent concepts; one setting out to develop especially talented production employees and one designed to strengthen our pipeline of in-house candidates for manager and executive positions.

With the competition for talented employees intensifying in all areas, the need to retain employees and enhance their skills is becoming increasingly urgent.

New strategy off to a good start
With our new strategy, a high level of quality and systematism is required in everything that has to do with our human resources in the business. During the first year of our new People strategy, we have, among other things:

- improved our data framework and work processes in the HR area
- strengthened our employer brand
- stepped up efforts to retain employees
- intensified efforts to develop in-house candidates for managerial positions
- increased our focus on diversity and inclusion
- accelerated the roll-out of clear career paths.

More focus on retaining employees
Recruiting, onboarding and retaining new employees is one of the areas where we need to do better. An in-house survey conducted at our Danish locations has shown that staff turnover among our hourly paid workers has increased over the past few years. We need to step up our efforts in relation to recruiting, onboarding and training new employees. Helping our managers create a workplace which employees find attractive is another important task. According to the survey, this is not just about pay but even more so about work content and corporate spirit.

Value through diversity
We are also on track when it comes to creating a diverse and inclusive workplace, but we are not quite there yet.

Fundamentally, we consider diversity a competitive advantage, in part because it helps us to better understand the expectations of our different customers and consumers. In part because it makes us more innovative and attractive as a workplace. We address diversity on a broad front but have a particularly strong focus on nationality and gender. Danish Crown is very much a multi-ethnic group already – not least when it comes to our production facilities. We are also working towards increasing diversity among our senior management layers over time, but we are still some way from achieving that ambition, see table to the right.

In 2020/21, the Board of Directors of Leverandørselskabet Danish Crown AmbA adopted a target, according to which women are to account for at least ten per cent of the members of the Board of Directors by 2030. As there are currently no female board members, there is still work to be done in this respect. In accordance with the articles of association, an election was held in the year by and among the members of the Board of Representatives, but no new members were elected. There are currently three female members of the Board of Representatives, but none of them sought to be elected to the Board of Directors.

In 2020/21, the Board of Directors of Danish Crown A/S adopted a target, according to which women are to account for at least 30 per cent of the members of the Board of Directors by 2030. As there are currently two women among ten board members elected by the shareholders, there is still work to be done in this respect. Two new board members were elected in the year, and in accordance with the internal rule on election to the Board of Directors, they were elected by and from among the owner members serving on the Board of Directors of Leverandørselskabet Danish Crown AmbA. Currently, there are not female members among the owner members.

We are making targeted efforts to increase the proportion of women at all management levels, both to send a clear signal to the entire organisation and because our employee survey shows that our female managers actually score a little higher on employee satisfaction.

Our general goal is for one in three executive positions to be occupied by a woman by 2030. Against this background, in 2022 we have launched a new and even more ambitious strategy to enhance diversity and inclusion.

Among other things, our People strategy is based on in-depth research carried out by a group of our graduates. They have accumulated a solid pool of knowledge and prepared recommendations for specific actions that will form part of our strategic planning going forward.

One element of our People strategy is to obtain better data and thus full insight into how the work to enhance diversity is progressing. The strategy will be firmly anchored with senior management, and the efforts to create an even more inclusive environment offering equal development and career opportunities for all, irrespective of background, will be rolled out across the business. This is not something we do just for the employees. Our efforts to establish a more inclusive and diverse workplace are also intended to create value through their positive spill-over effects on our business, innovation, recruiting, motivation and retention. We intend to define and regularly follow up on clear targets for these efforts.

Gender diversity on boards and in management

Management level	Percentage of women as of 30 September 2022	Gender diversity target 2030
Board of Directors Leverandørselskabet Danish Crown AmbA	0%	10%
Board of Directors Danish Crown A/S	20%	30%
Executive Board	0%	33%*
Executive Vice Presidents	14%	35%
Senior Vice Presidents	8%	35%
Vice Presidents	21%	35%

* Long-term goal

Risk management

The Executive Board's governance reporting is focused on the principal risks, which are defined as risks with a potentially large impact on the group and risks arising across the group's business units.

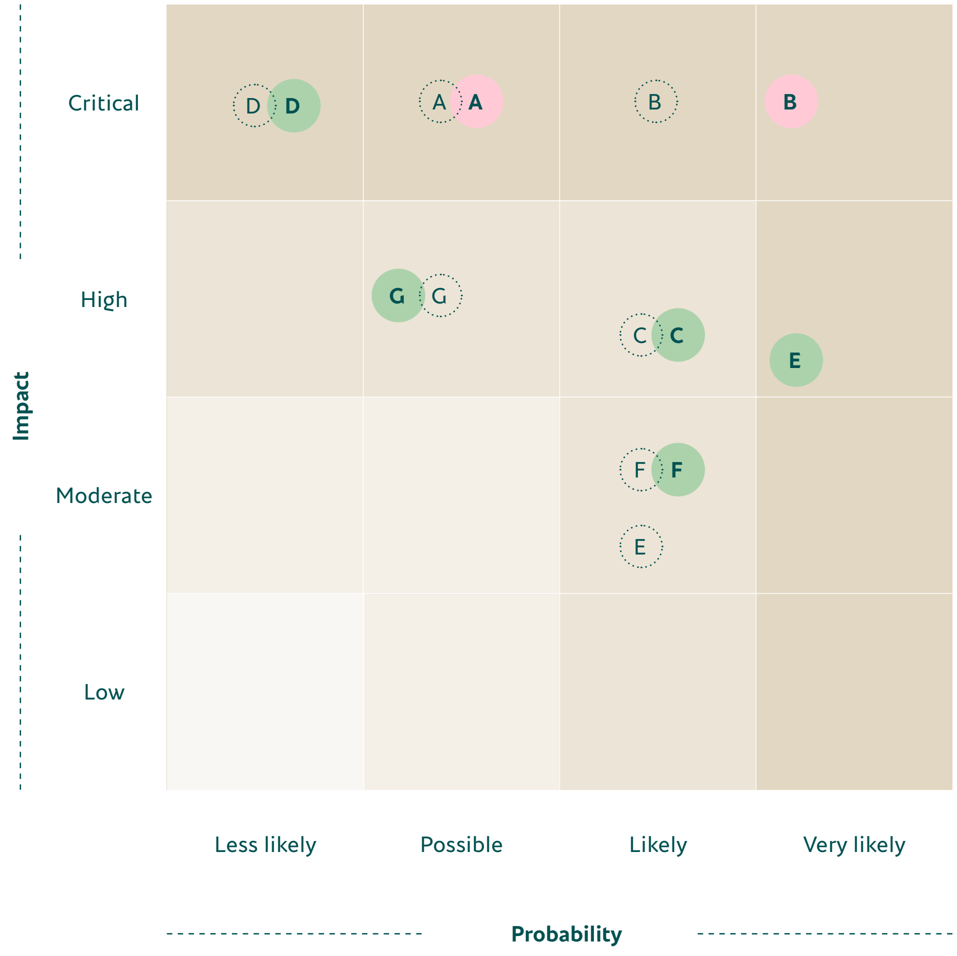
Ongoing risk management in the business units also covers risks with a lower potential impact and risks of a more local character.

Operational risk:
Potential events relating to internal operations and administration.

Commercial risk:
Potential impacts from external factors, such as industry-related, market-related or global factors.

- A **Food safety**
- B **IT security**

- C **Consumer and customer demand**
- D **African swine fever (ASF)**
- E **Availability of resources**
- F **Pandemics**
- G **Market access**



Principal risks assessed in relation to the probability of their occurrence and impact on the company's reputation and/or financial performance.

Risk assessment in 2020/21 Risk assessment for 2021/22

Operational

A Food safety

Description:
Danish Crown's leading position in the global market depends on our ability to maintain a very high level of food safety and quality in our production, thereby meeting customer and consumer expectations for safe and healthy food.

Management:
At Danish Crown, more than 470 employees work with food quality and safety, control inspections and traceability, and many of the group's other staff also contribute to ensuring high food safety standards.

To ensure a high level of food safety, we have established a joint project, 'Food Safety Culture', where we work consistently to strengthen our culture to ensure compliance with our processes, procedures and controls at all of Danish Crown's factories every day.

B IT security

Description:
The group's operations rely on well-functioning IT systems in our production and administration. Unauthorised access or a breakdown can have serious consequences for our production and for the protection of confidential data and of our brand. The threat has become more serious because of the war in Ukraine. In that connection, Russian cyber activists have carried out an increasing number of attacks against European businesses.

We are also witnessing a strongly elevated risk relative to our supply chain, as our production capabilities rely on a number of suppliers.

Management:
In 2021/22, we continued to sharpen our focus on IT security and are again adding additional resources to the area. Through our Information Security Board, our senior executive management regularly considers the level of threat and takes mitigating measures. Because of the increased level of threat, we have identified and carried out more than 60 initiatives to enhance security at Danish Crown. An independent review of our group's cypersecurity level has been carried out; this supports the initiatives in our Security Roadmap, which will address identified improvement areas.

Commercial

C Consumer and customer demand

Description:
Consumers and customers are showing an increasing interest in the climate footprint of the products they buy, and there is an ever-growing demand for documentable sustainability throughout the value chain. Since meat production involves emission of greenhouse gases, a low emission is expected to become an increasingly important sales and competition parameter.
In 2021/22, the high level of inflation means that meat now represents a relatively larger share of household expenses, which has caused a shift from sustainability to price in the primary focus of some consumers.

Management:
All Danish Crown's Danish pig suppliers have joined our sustainability programme, the Climate Track, which is now being implemented at pig suppliers in Sweden and Germany. We are working intensively to achieve a circular and carbon-neutral economy in the value chain from farmer to abattoir/processing facility, and the related life cycle assessments (LCA) contribute to achieving transparency, providing consumers with full insight and allowing them to make an informed choice.

In the year, Danish Crown submitted climate reduction targets to the Science Based Targets initiative, thus setting specific, science-based targets for reduction of greenhouse gas emission for 2030 and 2050. In Poland, Sweden and Denmark, we have developed both meat-reduced and fully plant-based products, which have been well received by consumers. This product area will be expanded in the coming years.

D African swine fever (ASF)

Description:
ASF continues to represent a substantial risk. The disease is currently spreading among wild boars in Europe and has jumped from countries in Central and Eastern Europe to Germany and, most recently, Italy. In Poland, the sale of live pigs is subject to restrictions in order to contain the spread of ASF, which makes it difficult to source raw materials. If ASF spreads to Spain, the country will face export restrictions that will put pressure on the European market, causing low prices and impairing the financial viability for our owners and other suppliers of pigs.

Management:
In Denmark, several preventive measures have been taken to prevent ASF from entering the country. In addition to wild boar fences along the Danish-German border, the population of wild boars in the wild has been shot. To prevent the disease from spreading, it is mandatory for pig transport vehicles returning from abroad to undergo washing and disinfecting procedures, and our foreign employees are told not to bring food from their home country to Denmark.

In Germany, ASF is controlled by setting up fences and shooting wild boar populations in the affected areas. Danish Crown is subject to export restrictions from Germany to third-party countries, and sales are therefore centred on EU markets.

In Poland, raw materials are imported from other Danish Crown abattoirs and from third parties to make up for the lack of supply of local pigs.

Commercial

E Availability of resources

Description:
Slaughter animals: Abattoirs and processing units both rely on adequate supplies of pigs and cattle. The current imbalance between feed supply and demand represents a challenge to our pig suppliers and has triggered a decrease in the production of slaughter pigs.

Labour: We are experiencing an imbalance characterised by a historically high number of vacant positions and a small available labour force all over Europe, which impairs our ability to attract and retain employees in both the short and long term. This poses a challenge, especially in terms of production staff and not least employees with technical skills. The challenge is to get employees and in particular skilled employees.

Materials/services: The war in Ukraine has triggered a global energy crisis due to restricted access to natural gas, and this situation represents a risk to our production, both in direct and indirect terms, for example in relation to the availability of certain production materials. In addition, analyses performed by interest groups predict a future shortage of drivers in the transport sector, which could cause logistical challenges.

Inflation: Common to the challenges in terms of availability of resources is the result of significant price increases on a number of the raw materials and on the energy necessary in the production for both our company and our owners as well as to transport, which then increases the costs considerably in the whole value chain.

Management:
Slaughter animals: Danish Crown can supplement slaughter animals from our cooperative owners with procured raw materials and thereby cope with fluctuations in the supply of slaughter animals. Our owners generally have a high degree of own feed production and are therefore not as hard hit by increasing feed prices as our suppliers in other countries.

Labour: We are making targeted efforts to attract people in all employee groups (apprentices and trainees, production staff, industrial and technical employees, salaried employees etc.) to ensure access to a qualified labour force. Moreover, we have launched specific measures to increase the retention of existing and new employees through improved onboarding and training, better education opportunities, better management and a better physical and psychological working environment in factories and offices alike.

Materials/services: Through the conversion of our production facilities from use of natural gas to oil as energy source at our most important factories, we have reduced our dependency on natural gas for production, although we still rely on natural gas to some extent.

With respect to the risk of a shortage of production materials, such as packaging, we expect our contractual relationships with critical suppliers will mitigate the impact. In strategically important areas, we are implementing Supplier Relation Management Programmes, which include forecast sharing, risk hedging and innovation programmes, etc. In the area of logistics, initiatives are being undertaken at industry level to prevent the potential future challenge of transporting raw materials and products.

Inflation: We cannot avoid increased costs due to inflation, but we try to mitigate the impact on our result, partly by ensuring that the increased costs are passed on to our sales prices, and partly by being cost-conscious and continuously working to optimise our procurements. Moreover, in the short run we use price hedging on energy and a few other raw materials through continuous agreements with our suppliers.

F Market access

Description:
Danish Crown is one of the world's largest exporters of meat and meat products and is therefore dependent on open markets and support for international trade institutions.

Support from the world's large nations to institutions such as the World Trade Organization has declined, and resistance to globalisation and periodic market fluctuations increase the risk of protectionism.

Management:
Brexit continues to represent a potential challenge, but Danish Crown is prepared to face the processes of border controls in the UK. However, the format of the UK border controls is still subject to uncertainty.

Our access to many markets gives us flexibility and the possibility of coping with periodical restrictions in individual markets.

G Pandemics

Description:
The most essential risk is the spread of pandemics among our employees, since large outbreaks of diseases can lead to (partial) short or long-term shutdown of facilities. Slaughtering of pigs and cattle and the subsequent processing are a continuous process and even a temporary shutdown of an abattoir or a processing facility can have serious impacts on the whole value chain.

Management:
Following the COVID-19 outbreaks in recent years, Danish Crown has strengthened and broadened a number of procedures with the aim to protect our employees against outbreaks of diseases and maintain production. These actions have proven effective in terms of reducing the impacts of COVID-19, and we expect that our preparedness will also prove effective in relation to other pandemics.

Complying with applicable legislation

We ensure compliance with legislation in the countries where we operate. We recognise that tax payments are important for welfare and societal development.

1. **Prevent:** Corporate commitment, compliance culture and organisation
2. **Detect:** Risk assessment, compliance know-how and training
3. **Respond:** Reporting, controls and reviews

Legal affairs
Danish Crown wants to comply with applicable legislation and regulations in all the countries where we operate. We draw up policies and procedures that reflect relevant legislation, and we provide relevant training for our employees to fulfil their duties.

Data protection
At Danish Crown, we are aware of our societal responsibility and we make targeted efforts to protect personal data entrusted with us by customers, owners and employees. To strengthen consistency, documentation and optimisation of our processing of personal data, our measures in 2021/22 included an update of our data protection policy and processes. Furthermore, our in-house training activities have been supplemented with a mandatory e-learning course.

Data ethics
Danish Crown's values must be reflected in the way in which we collect, process and use data. To ensure correctness, transparency, justice and the required level of security in our use of data and to prevent bias and discrimination, in 2021/22 Danish Crown established a data ethics policy with pertaining principles. The policy describes how data ethics are considered and employed in the use of data as well as the design and implementation of technologies used for processing of data in the group. We have also set up a dedicated data ethics committee in charge of developing simple and understandable guidelines.

Anti-corruption
It is essential for our reputation, responsible growth and right to operate a business that we run our business in an ethical and honest manner. We do not tolerate corrupt behaviour of any kind, regardless of where we operate, just as we consider combating corruption and bribery a joint responsibility of all managers, employees and business partners. We regularly strengthen our in-house procedures, training activities and controls to ensure compliance with our anti-corruption policy. Our initiatives in 2021/22 included a renewed risk assessment of our main business areas, scaling up of our screening efforts and due diligence of third parties as well as updating our e-learning course on anti-corruption.

Competition law
The purpose of our commercial strategies is to achieve business growth in competition with others, and not to exclude a competitor. At Danish Crown, we do not allow any conduct aimed at limiting, distorting or restricting competition or excluding a competitor. To avoid anti-competitive conduct, we have prepared a policy and practical guidelines on compliance with competition law, which are presented to all relevant employees in connection with mandatory training sessions. One of our initiatives in 2021/22 was thorough self-checks of Danish Crown's participation in trade organisations as part of our compliance activities.

Tax affairs
Danish Crown's published tax policy defines four main principles for how we manage our tax matters. The principles are founded on Danish Crown's activities being driven by commercial decisions. The tax policy is approved and ultimately managed by the Board of Directors. We view accountability and openness in relation to tax as crucial to our integrity.

Main principles of tax policy

- Ensuring correct and fair tax where the value is created
- Maintaining good relations with the tax authorities
- Complying with tax laws
- Recognising tax as a business expense

Read more

Danish Crown's policies and principles are available on danishcrown.com/policies and our data ethics policy is available on danishcrown.com/data-ethics

It is fundamental for us that we pay the correct amount of tax on time and where the value of our business activities is created.

We place our activities and investments where they make commercial sense, and where there is an opportunity to compete on equal terms in the industry. Danish Crown does not use so-called tax havens to reduce the group's tax payments.

We recognise tax as an expense on an equal footing with other business expenses, which is why tax payments are considered in all important business decisions. To ensure a reasonable level of tax payments for Danish Crown, we focus on identifying, addressing and mitigating potential tax risks.

We accept and use tax incentives, exemptions and the like offered by authorities in the countries where we have a business presence, but our business is driven by commercial decisions and not by such incentives. Moreover, we emphasise having an open dialogue and we work to build and maintain good relations with the tax authorities in the countries where we have activities. This is supported by entering into cooperation projects with the tax authorities regarding compliance.

We regularly assess our processes and controls to ensure we comply with national and international tax standards that are relevant for our business.

Cooperative
The Danish-based parent company is a cooperative owned by Danish farmers and is therefore subject to the rules on taxation of cooperatives. The key task of the cooperative is to ensure the highest value for the livestock our owners supply, while creating opportunities for growth.

We make regular payments to the owners for the livestock they supply, and the majority of Danish Crown's earnings are paid out to cooperative owners as a supplementary payment that is thus taxed at the level of the individual cooperative owner. Only a small share of annual earnings are consolidated in Danish Crown for future operations and business.

Danish Crown's owners, the Danish farmers, pay income tax in Denmark. Taxation of Leverandørselskabet Danish Crown AmbA reflects that tax liability is mainly with the owners, which is why cooperative company tax in Denmark is a capital gains tax based on equity.

Tax contribution
Our activities contribute both directly and indirectly to taxes in the jurisdictions where the activities are carried out. Taxes paid are direct costs for Danish Crown. Taxes collected are managed and collected by Danish Crown on behalf of public authorities.

Taxes paid are wealth tax, income tax, withholding tax, property tax, employer's contribution, customs duty and taxes and other local direct and indirect taxes payable by Danish Crown as a result of our business activities and they are paid directly to the local tax authorities. Taxes collected include personal taxes on the pay paid to the approximately 26,600 employees we have around the world. They also include VAT, withholding taxes and other local taxes collected by Danish Crown from our customers and paid to local tax authorities.

As Danish Crown's value-creating activities are primarily located in Denmark, the tax contribution is highest in Denmark. We have a significant presence in other European countries, and a substantial part of our tax contribution is paid in these countries.

Tax payments

Divided on personal taxes (88%) and income tax (12%).

Denmark

Danish Crown's cooperative owners
5,404 cooperative owners
- Income tax*
- VAT and duties*
- Personal taxes*

Leverandørselskabet Danish Crown AmbA
- Wealth tax

Danish Crown's Danish activities
9,101 employees
- Income tax
- VAT and duties*
- Personal taxes

Europa excl. Denmark

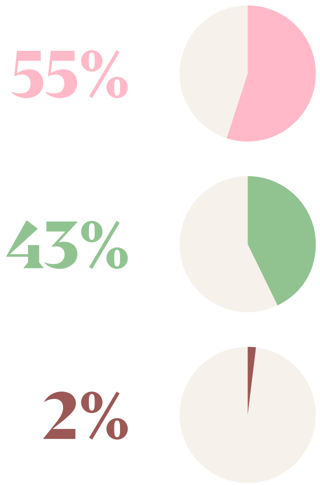
15,751 employees
- Income tax
- VAT and duties*
- Personal taxes

Rest of the world

1,789 employees
- Income tax
- VAT and duties*
- Personal taxes

Geographical distribution

Danish Crown's combined payment of income tax, wealth tax, withholding tax and personal taxes in 2020/21 distributed geographically.



*The distribution is exclusive of VAT and duties and taxes from cooperative owners.

Executive Board and Board of Directors

←
From left to right:
Front row Asger Krogsgaard, Tim Ørting Jørgensen, Camilla Harder Hartvig, Erik Bredholt, Jais Valeur, Camilla Sylvest, Ulrik Bremholm, Søren Bonde
Second row Henrik Redmond, Mads Nipper, Palle Joest Andersen, Thomas Ahle, Michael Nielsen, Peter Fallesen Ravn
Third row Jørgen Larsen, Jesper V. Christensen, Knud Jørgen Lei, Thomas Kjær
Back row Brian Vestergaard, Thomas L.W. Hansen, Karsten Willumsen

Leverandørselskabet Danish Crown AmbA

Peter Fallesen Ravn
Palle Joest Andersen
Ulrik Bremholm
Michael Nielsen
Jørgen Larsen (observer)

Both boards of directors

Erik Bredholt (Chairman of both boards of directors)
Asger Krogsgaard (Vice Chairman of Leverandørselskabet Danish Crown AmbA)
Søren Bonde
Knud Jørgen Lei
Karsten Willumsen
Thomas Kjær

Danish Crown A/S

Independent members
Mads Nipper (Vice Chairman)
Jesper V. Christensen
Camilla Sylvest
Camilla Harder Hartvig

Members elected by the employees
Brian Vestergaard
Thomas L. W. Hansen
Henrik Redmond

Read more

Further information about our Executive Board and Board of Directors is available on danishcrown.com/organization

Executive Board

Jais Valeur

Born 1962
Appointed 2015
Position Group CEO
Cooperative owner No
External positions Royal Unibrew A/S; Foss A/S; Confederation of Danish Industry's committee on business policy

Thomas Ahle

Born 1971
Appointed 2020
Position Group CFO
Cooperative owner No

Tim Ørting Jørgensen

Born 1964
Appointed 2022
Position Group EVP
Cooperative owner No

Board of Directors

Erik Bredholt

Born 1966
Cooperative owner
Profession Farm owner
Other internal positions Nomination, Compensation and Benefits Committee; Nomination and Remuneration Committee; Audit Committee
Elected first time
Leverandørselskabet Danish Crown AmbA 2001
Danish Crown A/S 2011
Up for re-election
Leverandørselskabet Danish Crown AmbA 2023
Danish Crown A/S 2022
External positions Industriens Pensionsforsikring; Danish Pig Meat Industry; Company Board DAFC; Employers' Association of Danish Abattoirs; Danish Pig Levy Fund; Central Board of the Confederation of DI; Confederation of Danish Employers
Education Farmer; supplementary training in management, accounting, finance, board activities, board management

Asger Krogsgaard

Born 1966
Cooperative owner
Profession Farm owner
Other internal positions Nomination, Compensation and Benefits Committee; Nomination and Remuneration Committee; Audit Committee
Elected first time
Leverandørselskabet Danish Crown AmbA 2003
Danish Crown A/S 2011
Up for re-election
Leverandørselskabet Danish Crown AmbA 2023
Danish Crown A/S 2022
External positions Danish Pig Meat Industry; Chairmanship DAFC; Company Board DAFC; Danish Pig Levy Fund; ICC Danmark
Education Farmer; Agricultural Economist

Peter Fallesen Ravn

Born 1968
Cooperative owner
Profession Farm owner
Other internal positions Friland A/S; Nomination, Compensation and Benefits Committee
Elected first time 2008
Up for re-election 2023
External positions Green Maskinstation A/S; Company Board DAFC; Coordination Group for Organic Pork
Education Farmer

Palle Joest Andersen

Born 1963
Cooperative owner
Profession Farm owner
Other internal positions The fund 'Sundby-Wenbo Fonden'
Elected first time 2009
Up for re-election 2023
External positions AKV Langholt AmbA; DAFC Pig
Education Farmer

Søren Bonde

Born 1962
Cooperative owner
Profession Farm owner
Elected first time
Leverandørselskabet Danish Crown AmbA 2013
Danish Crown A/S 2017
Up for re-election
Leverandørselskabet Danish Crown AmbA 2023
Danish Crown A/S 2022
Education Farmer; business courses and courses in corporate governance; board training programme

Knud Jørgen Lei

Born 1967
Cooperative owner
Profession Farm owner
Elected first time
Leverandørselskabet Danish Crown AmbA 2013
Danish Crown A/S 2021
Up for re-election
Leverandørselskabet Danish Crown AmbA 2023
Danish Crown A/S 2022
External positions Danish Pig Meat Industry; Danish Pig Levy Fund
Education MSc in Engineering; Farmer

Karsten Willumsen

Born 1974
Cooperative owner
Profession Farm owner
Other internal positions Nomination and Remuneration Committee; Audit Committee
Elected first time
Leverandørselskabet Danish Crown AmbA 2013
Danish Crown A/S 2019
Up for re-election
Leverandørselskabet Danish Crown AmbA 2023
Danish Crown A/S 2022
External position Danish Cattle Levy Fund; DAFC Cattle
Education Farmer; Agricultural Leadership Diploma

Jesper V. Christensen

Born 1969
Independent member
Profession CFO, Danfoss A/S
Other internal positions Audit Committee
Elected first time 2016
Up for re-election 2022
External positions Central Board of the Confederation of DI
Competencies Finance and accounting; management; strategic planning; execution in global business
Education MSc in Accounting and Finance

Mads Nipper

Born 1966
Independent member
Profession CEO, Ørsted A/S
Other internal positions Nomination and Remuneration Committee
Elected first time 2016
Up for re-election Steps down in 2022
External positions Central Board of the Confederation of DI
FLSmidth & Co. A/S
Competencies International businesses; digitalisation; strategy; value chain; transformation
Education MSc in International Business

Ulrik Bremholm

Born 1967
Cooperative owner
Profession Farm owner
Other internal positions Nomination, Compensation and Benefits Committee
Elected first time 2017
Up for re-election 2023
External positions DAFC Pig
Education, Agricultural Economist in Agricultural Leadership

Michael Nielsen

Born 1964
Cooperative owner
Profession Farm owner
Elected first time 2017
Up for re-election 2023
External positions Agro Support A/S
Education Farmer

Camilla Sylvest

Born 1972
Independent member
Profession EVP, Commercial Strategy & Corporate Affairs, Novo Nordisk A/S
Other internal positions Nomination and Remuneration Committee
Elected first time 2017
Up for re-election 2022
External positions World Diabetes Foundation
Competencies More than 25 years' experience in sales and marketing in the international pharmaceutical industry, international management and strategy, sustainability
Education MSc in Advanced Economics and Finance; Executive MBA

Thomas Kjær

Born 1981
Cooperative owner
Profession Farm owner
Elected first time
Leverandørselskabet Danish Crown AmbA 2019
Danish Crown A/S 2021
Up for re-election
Leverandørselskabet Danish Crown AmbA 2023
Danish Crown A/S 2022
External positions Danish Pig Meat Industry
Education Farmer; Agricultural Economist; Graduate Diploma in Business Administration (Financial Planning); board training programme

Camilla Harder Hartvig

Born 1969
Independent member
Profession EVP, Chief Commercial Officer, Theramex Ltd
Elected first time 2021
Up for re-election 2022
External positions C WorldWide
Competencies More than 25 years' experience from large multinational US, UK and Swiss companies in the biotech/pharmaceutical industry
Education MSc in International Marketing and Management; board training programme

Brian Vestergaard

Born 1973
Member elected by the employees
Profession Shop Steward, Danish Crown Blans, Denmark
Other internal positions Danish Crown's Shop Steward Delegation
Elected first time 2017
Up for re-election 2025
External positions Section board Southern Jutland of the Danish Food and Allied Workers' Union (NNF)
Education Trained butcher

Thomas L. W. Hansen

Born 1974
Member elected by the employees
Profession Shop Steward, Danish Crown Rønne, Denmark
Other internal positions Danish Crown's Shop Steward Delegation
Elected first time 2021
Up for re-election 2025
Education Trained butcher

Henrik Redmond

Born 1960
Member elected by the employees
Profession Shop steward, Danish Crown Vejle Nord, Denmark
Elected first time 2021
Up for re-election 2025
External positions Section board Eastern Jutland of the Danish Food and Allied Workers' Union (NNF)
Education Commercial and clerical education; business course in occupational health and safety management and management

Jørgen Larsen

Born 1954
Cooperative owner
Profession Farm owner; Accountant; Real Estate Agent
Elected first time 2019
Up for re-election 2023
External positions Board of Representatives VikingDanmark
Education Farmer; Graduate in Agro Business and Landscape Management; business courses in accounting and auditing

Consolidated financial statements

Income statement and statement of comprehensive income | Balance sheet | Statement of changes in equity
Cash flow statement | Notes, group

Our Polish business Sokołów has developed a broad range of plant-based products from ready meals to convenience products. 'Z Gruntu Dobre' is a new variant available to customers in the shops.

At Danish Crown, we intend to have products on the supermarket shelves catering to any taste no matter whether the consumer prefers Danish quality pork, an expensive steak, the quick ready meal, organic meat or plant-based food.

Income statement

1 October – 30 September

DKKm	Note	Group 2021/22	Group 2020/21
Revenue	2	64,212	58,287
Production costs	3,4	-54,057	-48,959
Gross profit		**10,155**	**9,328**
Distribution costs	3,4	-5,428	-4,740
Administrative expenses	3,4,5	-1,963	-1,923
Other operating income		38	38
Other operating expenses		-3	-11
Income from equity investments in associates and joint ventures	12	86	126
Operating profit before special items (EBIT)		**2,885**	**2,818**
Special items		0	0
Operating profit after special items		**2,885**	**2,818**
Financial income	6	52	43
Financial expenses	7	-278	-204
Profit before tax		**2,659**	**2,657**
Tax on profit for the year	8	-479	-402
Net profit for the year		**2,180**	**2,255**
Cooperative owners of the parent		2,088	2,131
Non-controlling interests		92	124
Distribution of net profit for the year		**2,180**	**2,255**

Statement of comprehensive income

1 October – 30 September

DKKm	Note	Group 2021/22	Group 2020/21
Profit for the year		**2,180**	**2,255**
Items subsequently recycled to the income statement:			
Foreign currency translation adjustment of foreign enterprises		49	17
Hedging of net investments in foreign enterprises		-30	15
Fair value adjustments etc. of financial instruments hedging future cash flows		45	11
Fair value adjustments of financial instruments hedging realised cash flows recycled to the income statement		7	7
Tax on other comprehensive income		-14	-4
Items not recycled to the income statement:			
Actuarial gains/losses on defined benefit plans etc.		15	0
Tax on other comprehensive income		-4	1
Other comprehensive income		**68**	**47**
Comprehensive income		**2,248**	**2,302**
Cooperative owners of the parent		2,128	2,171
Non-controlling interests		120	131
Distribution of comprehensive income		**2,248**	**2,302**

Balance sheet – assets

30 September

		Group	
DKKm	Note	30.09.2022	30.09.2021
Intangible assets	9	3,697	3,602
Property, plant and equipment	10	8,941	8,537
Lease assets	11	778	529
Equity investments in associates and joint ventures	12	402	346
Other securities and equity investments	13	12	8
Deferred tax assets	16	121	147
Non-current assets		**13,951**	**13,169**
Inventories	17	5,874	4,722
Biological assets	18	30	29
Trade receivables	19	7,626	6,195
Receivables from and prepayments to cooperative owners		309	233
Receivables from associates		21	12
Other receivables		1,059	814
Prepayments		134	117
Other securities and equity investments	13	33	44
Cash		319	204
Current assets		**15,405**	**12,370**
Total assets		**29,356**	**25,539**

Balance sheet – equity and liabilities

30 September

		Group	
DKKm	Note	30.09.2022	30.09.2021
Cooperative owners' accounts		1,108	1,296
Owners' accounts		895	692
Other reserves		-262	-257
Retained earnings		6,354	6,326
Equity owned by cooperative owners of the parent		**8,095**	**8,057**
Equity owned by non-controlling interests		78	306
Equity		**8,173**	**8,363**
Pension obligations		22	40
Deferred tax liabilities	16	520	299
Other provisions	15	146	157
Loans	20,21	9,922	8,074
Non-current liabilities		**10,610**	**8,570**
Other provisions	15	143	132
Loans	20,21	3,345	2,435
Trade payables		4,445	3,568
Payables to associates		85	42
Income tax payable		146	160
Other payables		2,353	2,216
Deferred income		56	53
Current liabilities		**10,573**	**8,606**
Commitments		**21,183**	**17,176**
Total equity and liabilities		**29,356**	**25,539**

Statement of changes in equity

30 September

DKKm	Cooperative owners' accounts	Owners' accounts	Reserve for foreign currency translation adjustments	Reserve for value adjustment of hedging instruments	Retained earnings	Total	Equity attributable to non-controlling interests	Total equity
Equity at 30 September 2020	**1,380**	**462**	**-370**	**86**	**6,190**	**7,748**	**307**	**8,055**
Net profit for the year	**0**	**242**	**0**	**0**	**1,889**	**2,131**	**124**	**2,255**
Foreign currency translation adjustment of foreign enterprises	0	0	10	0	0	10	7	17
Fair value adjustments etc. of financial instruments hedging future cash flows	0	0	0	-1	12	11	0	11
Fair value adjustments of financial instruments hedging realised cash flows recycled to the income statement	0	0	0	7	0	7	0	7
Hedging of net investments in foreign enterprises	0	0	0	15	0	15	0	15
Actuarial gains/losses on defined benefit plans etc.	0	0	0	0	0	0	0	0
Tax on other comprehensive income	0	0	0	-4	1	-3	0	-3
Recycled to the income statement	0	0	0	0	0	0	0	0
Total other comprehensive income	**0**	**0**	**10**	**17**	**13**	**40**	**7**	**47**
Comprehensive income for the year	**0**	**214**	**10**	**17**	**1,902**	**2,171**	**131**	**2,302**
Payment of contributed capital	-84	-12	0	0	0	-96	0	-96
Supplementary payments disbursed	0	0	0	0	-1,618	-1,618	-94	-1,712
Acquisitions of non-controlling interests	0	0	0	0	-148	-148	-38	-186
Equity at 30 September 2021	**1,296**	**692**	**-360**	**103**	**6,326**	**8,057**	**306**	**8,363**
Net profit for the year	**0**	**214**	**0**	**0**	**1,874**	**2,088**	**92**	**2,180**
Foreign currency translation adjustment of foreign enterprises	0	0	21	0	0	21	28	49
Fair value adjustments etc. of financial instruments hedging future cash flows	0	0	0	11	34	45	0	45
Fair value adjustments of financial instruments hedging realised cash flows recycled to the income statement	0	0	0	7	0	7	0	7
Hedging of net investments in foreign enterprises	0	0	0	-30	0	-30	0	-30
Actuarial gains/losses on defined benefit plans etc.	0	0	0	0	15	15	0	15
Tax on other comprehensive income	0	0	-16	2	-4	-18	0	-18
Recycled to the income statement	0	0	0	0	0	0	0	0
Total other comprehensive income	**0**	**0**	**5**	**-10**	**45**	**40**	**28**	**68**
Comprehensive income for the year	**0**	**214**	**5**	**-10**	**1,919**	**2,128**	**120**	**2,248**
Payment of contributed capital	-188	-11	0	0	0	-199	0	-199
Supplementary payments disbursed	0	0	0	0	-1,669	-1,669	-43	-1,712
Acquisitions of non-controlling interests	0	0	0	0	-222	-222	-305	-527
Equity at 30 September 2022	**1,108**	**895**	**-355**	**93**	**6,354**	**8,095**	**78**	**8,173**

Cash flow statement

1 October – 30 September

		Group	
DKKm	Note	2021/22	2020/21
Operating profit before special items (EBIT)		2,885	2,818
Depreciation, amortisation and impairment	4	1,537	1,450
Income from associates	12	-86	-126
Changes in provisions		-37	-8
Change in net working capital	29	-1,660	-803
Operating cash flows		**2,639**	**3,331**
Financial income received	6	30	24
Financial expenses paid	7	-260	-195
Income tax paid		-288	-325
Cash flows from operating activities		**2,121**	**2,835**
Purchase etc. of intangible assets	9	-79	-36
Purchase etc. of property, plant and equipment	10,11	-1,551	-1,718
Sale of property, plant and equipment	10,11	160	37
Dividends received from associates	12	65	98
Purchase of other securities and equity investments	13	0	-5
Sale of other securities and equity investments	13	10	3
Acquisition of businesses	14	-246	-77
Cash flows from investing activities		**-1,641**	**-1,698**
Disbursement of supplementary payments		-1,669	-1,618
Disbursement to non-controlling shareholders		-570	-280
Proceeds from borrowings	29	3,550	1,674
Repayment of loans	29	-1,477	-1,128
Payment of contributed capital		-199	-96
Cash flows from financing activities		**-365**	**-1,448**
Change in cash and cash equivalents		**115**	**-311**
Cash and cash equivalents at 1 October		204	515
Net cash and cash equivalents at 30 September	29	**319**	**204**

Notes, group

Income statement

Note 1 Significant accounting estimates and judgments

When preparing the annual report in accordance with the group's accounting policies, management is required to make estimates and assumptions that affect the assets and liabilities recognised, including information on any contingent assets and liabilities.

Management's estimates are based on historical experience and other assumptions which are deemed relevant at the time. These estimates and assumptions form the basis for the recognised carrying amounts of assets and liabilities and the related effects recognised in the income statement. Actual results may differ from such estimates and assumptions.

Management considers the following estimates and judgments significant to the preparation of the consolidated financial statements.

Production costs
Costs for the purchase of slaughter animals from the cooperative owners are recognised at current published settlement prices for the year under production costs. At the year-end closing, the board of representatives of Leverandørselskabet Danish Crown AmbA determines how large a share of the profit for the year to transfer to consolidation purposes and how large a share of the profit to distribute as supplementary payments, which is treated as dividend.

Intangible assets
At least once a year, the group tests goodwill and other intangible assets with indefinite useful lives for impairment. A further description of the basis of accounting estimates can be found in note 10. No impairment was recognised on goodwill.

Property, plant and equipment
Management makes accounting estimates concerning residual values, and these are reassessed on an annual basis. In addition, separate assessments are made of impairment losses in connection with capacity adjustments, closure of facilities or any other situations where there is an indication of impairment as a result of changed production or market conditions. No impairment charges were made on facilities in the year or last year. A specification of fixed assets is provided in note 10.

Inventories
When assessing the net realisable value of inventories of fresh/frozen meat and casings, management estimates the expected development in market prices. Price developments in the world market may be affected by access to major markets. At the end of 2021/22, we made a reversal of the write-down of inventories of DKK 30 million due to an increase in the market price of pork. A specification of inventories is provided in note 17.

Deferred tax liabilities and tax assets
Deferred tax assets are recognised if it is probable that taxable income will be available in the future against which temporary differences or tax losses carried forward can be utilised.

As a result of higher uncertainty as to the future earnings of loss-making units, the majority of the tax assets related to tax losses carried forward have been written down.

The group's uncertain tax positions are regularly assessed and necessary provisions are recognised on the basis of estimates of likely outcomes and a risk assessment thereof.

A specification of deferred tax liabilities and tax assets is provided in note 16.

Note 2 Revenue

Allocation of revenue on business units and sales channels

DKKm	Danish Crown	Sokołów	KLS	DAT-Schaub	Total
2021/22					
Industry	23,403	1,924	1,487	3,787	30,601
Foodservice	5,017	907	271	48	6,243
Retail	14,117	4,866	3,314	199	22,496
Other	2,617	541	442	1,272	4,872
Total	**45,154**	**8,238**	**5,514**	**5,306**	**64,212**
2020/21					
Industry	22,301	1,653	1,534	3,347	28,835
Foodservice	4,113	657	171	38	4,979
Retail	13,134	4,344	2,675	182	20,335
Other	1,955	451	427	1,305	4,138
Total	**41,503**	**7,105**	**4,807**	**4,872**	**58,287**

Allocation of revenue on business units and markets

DKKm	Danish Crown	Sokołów	KLS	DAT-Schaub	Total
2021/22					
Denmark	6,161	7	11	472	6,651
Europe	24,623	7,829	5,503	2,814	40,769
Asia	9,219	0	0	183	9,402
Other	5,151	402	0	1,837	7,390
Total	**45,154**	**8,238**	**5,514**	**5,306**	**64,212**
2020/21					
Denmark	5,577	5	7	622	6,211
Europe	20,383	6,813	4,800	2,422	34,418
Asia	10,414	2	0	241	10,657
Other	5,129	285	0	1,587	7,001
Total	**41,503**	**7,105**	**4,807**	**4,872**	**58,287**

Income statement

Note 3 Staff costs

DKKm	2021/22	2020/21
Salaries and wages	7,761	7,208
Pensions	475	465
Other social security costs	848	736
	9,084	**8,409**
Staff costs are distributed as follows:		
Production costs	6,999	6,414
Distribution costs	949	893
Administrative expenses	1,136	1,102
	9,084	**8,409**
Of which:		
Remuneration for the parent's Board of Directors	9	8
Remuneration for the parent's Board of Representatives	1	1
Remuneration for the parent's Executive Board	34	43
	44	**52**
Average no. of employees	26,641	25,918

The remuneration for the Executive Board does not include pension. Remuneration for the Executive Board includes costs for long-term bonuses in 2021/22 of DKK 1 million (2020/21: DKK 16 million). In addition, renumeration for the Executive Board includes severance payment of DKK 4 million (2020/21: DKK 0 million).

The group management consists of the Executive Board. There are no other key members of the management.

Note 4 Depreciation, amortisation and impairment

DKKm	2021/22	2020/21
Amortisation of intangible assets:		
Production costs	16	10
Distribution costs	77	72
Administrative expenses	42	45
	135	**127**
Depreciation of property, plant and equipment and lease assets:		
Production costs	1,199	1,117
Distribution costs	114	116
Administrative expenses	94	83
	1,407	**1,316**
Gain on the disposal of non-current assets	49	10
Loss on the disposal of non-current assets	44	17

Note 5 Fees to the parent's auditors appointed by the Board of Representatives

DKKm	2021/22	2020/21
Statutory audit	9	8
Other assurance engagements	0	0
Tax advice	0	0
Other services	2	2
	11	**10**

Income statement

Note 6 Financial income

DKKm	2021/22	2020/21
Interest, cash etc.	30	24
Foreign currency gains and losses, net	16	18
Fair value adjustment of derivative financial instruments hedging the fair value of financial instruments	30	18
Fair value adjustment of hedged financial instruments	-30	-18
Fair value adjustment recycled from equity concerning hedges of future cash flows	6	1
	52	**43**

Note 7 Financial expenses

DKKm	2021/22	2020/21
Interest expenses, credit institutions etc.	247	183
Interest, lease debt	13	12
Foreign currency gains and losses, net	18	9
	278	**204**

Note 8 Tax on profit for the year

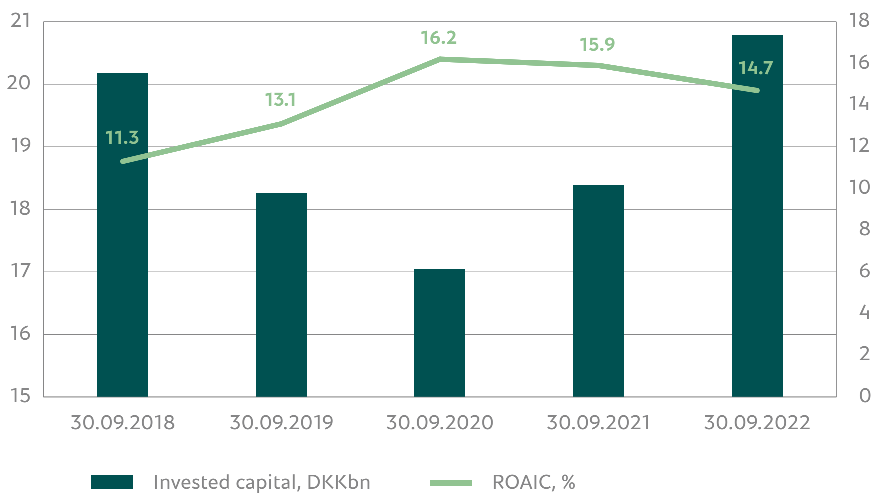
DKKm	2021/22	2020/21
Current tax	356	395
Change in deferred tax	19	-108
Change in deferred tax resulting from a change in the tax rate	1	2
Adjustment concerning previous years, current tax	-122	-72
Adjustment concerning previous years, deferred tax	123	66
Write-down of tax assets	74	101
	451	**384**
Tax in cooperatively taxed enterprises and tax on other income not subject to income tax	28	18
Tax on profit for the year	**479**	**402**
Tax on profit for the year can be explained as follows:		
Calculated tax at a tax rate of 22%	566	557
Effect of differences in tax rates for foreign enterprises	-2	5
Change in deferred tax resulting from a change in the tax rate	1	2
Tax in cooperatively taxed enterprises and tax on other income not subject to income tax	28	18
Tax effect of profit in cooperatively taxed enterprises	-260	-272
Tax effect of non-taxable income	-44	-27
Tax effect of non-deductible costs	115	24
Adjustment concerning previous years, current tax	-122	-72
Adjustment concerning previous years, deferred tax	123	66
Write-down of tax assets	74	101
	479	**402**
Effective tax rate (%)	**18,6**	**15,9**
Foreign currency translation adjustment of foreign enterprises	16	0
Fair value adjustments etc. of financial instruments hedging future cash flows	-1	1
Fair value adjustments of financial instruments hedging realised cash flows recycled to the income statement	5	0
Hedging of net investments in foreign enterprises	-6	3
Actuarial gains/losses on defined benefit plans etc.	4	-1
Tax on other comprehensive income	**18**	**3**

Invested capital

Calculation of invested capital

DKKm	Note	30.09.2022	30.09.2021
Intangible assets	9	3,697	3,602
Property, plant and equipment	10	8,941	8,537
Lease assets	11	778	529
Equity investments in associates and joint ventures	12	402	346
Other securities and equity investments, long-term	13	12	8
Net working capital		7,659	5,850
Other provisions	15	-289	-289
Pension obligations		-22	-40
Deferred tax, net	16	-399	-152
		20,779	**18,391**
Average invested capital		19,585	17,718
Return on invested capital (ROAIC)		14.7%	15.9%

Development in invested capital past 5 years



Note 9 Intangible assets

DKKm	Goodwill	Software	Acquired trademarks etc.	Total
Cost at 01.10.2021	2,922	658	1,314	4,894
Foreign currency translation adjustments	15	-3	-18	-6
Additions on acquisition	131	0	51	182
Additions	0	73	6	79
Disposals	0	-65	0	-65
Cost at 30.09.2022	**3,068**	**663**	**1,353**	**5,084**
Amortisation and impairment at 01.10.2021	0	565	727	1,292
Foreign currency translation adjustments	0	-2	-1	-3
Amortisation for the year	0	58	77	135
Amortisation of disposals for the year	0	-37	0	-37
Amortisation and impairment at 30.09.2022	**0**	**584**	**803**	**1,387**
Carrying amount at 30.09.2022	**3,068**	**79**	**550**	**3,697**
Cost at 01.10.2020	2,890	638	1,315	4,843
Foreign currency translation adjustments	0	1	-8	-7
Additions on acquisition	32	0	6	38
Additions	0	35	1	36
Disposals	0	-16	0	-16
Cost at 30.09.2021	**2,922**	**658**	**1,314**	**4,894**
Amortisation and impairment at 01.10.2020	0	524	658	1,182
Foreign currency translation adjustments	0	0	-3	-3
Amortisation for the year	0	55	72	127
Amortisation of disposals for the year	0	-14	0	-14
Amortisation and impairment at 30.09.2021	**0**	**565**	**727**	**1,292**
Carrying amount at 30.09.2021	**2,922**	**93**	**587**	**3,602**

Except for goodwill with an indefinite useful life, all other intangible assets are considered to have finite useful lives over which the assets are amortised.

Invested capital

Note 9 Intangible assets – continued

Impairment testing of goodwill
Goodwill arising on acquisition etc. at the date of acquisition is allocated to the cash-generating units which are expected to obtain economic benefits from the business combination.

The carrying amount of goodwill is allocated to the cash-generating units as follows:

DKKm	30.09.2022	30.09.2021
Danish Crown	1,214	1,204
Sokołów	626	657
KLS	218	112
DAT-Schaub	556	495
Danish Crown Group	454	454
	3,068	**2,922**

Goodwill is tested for impairment at least once a year, or more frequently if there are indications of impairment. The annual impairment test is made at the end of the financial year and has not resulted in any impairment of goodwill in the financial year. The recoverable amount for the individual cash-generating units to which the goodwill amounts have been allocated is calculated on the basis of calculations of the units' net present value.

The cash-generating units' net present value is calculated using the cash flows stated in the units' budgets and strategy plans for the next five financial years. Account is taken of timing differences in strategy plans. For financial years following the budget and strategy periods (terminal period), cash flows in the most recent strategy period have been extrapolated, adjusted for expected growth rates for the specific markets. The most important uncertainties in this regard are related to the determination of discount rates and growth rates as well as the uncertainties and risks reflected in the budget and strategy figures.

The fixed discount rates reflect market assessments of the time value of money, expressed as a risk-free interest rate, and the specific risks which are associated with the individual cash-generating unit. Discount rates are generally determined on an 'after tax' basis based on the estimated weighted average cost of capital (WACC).

The growth rates used are based on the forecasts and strategy plans of the individual units as well as on expectations for discount rates, interest and inflation levels. The growth rates used do not exceed the expected average long-term growth rate for the markets in question.

The most important budget assumptions are based on expectations for the organic growth in tonnage in the market(s) in which the companies primarily operate, the possibility of moving up in the value chain (new and more processed products) and the development in raw material prices for the principal products (pork and beef as well as by-products). For Sokołów and KLS, such expectations cover the Polish and Swedish markets, while the assessment for DAT-Schaub and Danish Crown covers a number of global primary markets. The estimates of growth and the correlation between selling prices and raw material prices in the budget and strategy periods are based on historical experience and expectations for future growth and market conditions. Management assesses that likely changes to the basic assumptions will not result in the recoverable amount of goodwill being lower than the carrying amount.

Parameters used to calculate recoverable amounts

	Growth factor in the terminal period		Risk-free interest rate, 10-year swap interest rate		WACC after tax		WACC before tax	
Per cent	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Danish Crown	1.0	1.0	1.3	0.2	6.3	4.3	8.1	5.5
Sokołów	2.0	1.0	6.4	1.9	10.8	5.6	13.3	7.0
KLS	1.0	1.0	1.9	0.4	6.9	5.3	8.7	6.7
DAT-Schaub	1.0	1.0	1.3	0.2	6.3	4.3	8.1	5.5
Danish Crown Group	1.0	1.0	1.3	0.2	6.3	4.3	8.1	5.5

Acquired trademarks etc.
Acquired trademarks etc. primarily concern trademarks in Poland with a remaining life of 5-15 years.

Invested capital

Note 10 Property, plant and equipment

DKKm	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Plant under construction	Total
Cost at 01.10.2021	10,486	10,260	938	1,162	22,846
Foreign currency translation adjustments	-66	-127	-3	-19	-215
Completion of plant under construction	368	500	39	-907	0
Additions on acquisition	94	163	0	0	257
Additions	118	272	39	1,122	1,551
Disposals	-381	-95	-86	0	-562
Cost at 30.09.2022	**10,619**	**10,973**	**927**	**1,358**	**23,877**
Depreciation and impairment at 01.10.2021	6,505	7,125	679	0	14,309
Foreign currency translation adjustments	-38	-97	-6	0	-141
Impairment for the year	0	0	0	0	0
Depreciation for the year	334	783	87	0	1,204
Depreciation and impairment on disposals for the year	-276	-82	-78	0	-436
Depreciation and impairment at 30.09.2022	**6,525**	**7,729**	**682**	**0**	**14,936**
Carrying amount at 30.09.2022	**4,094**	**3,244**	**245**	**1,358**	**8,941**
Of which recognised interest expenses	34	0	0	0	34
Cost at 01.10.2020	10,738	10,330	956	804	22,828
Foreign currency translation adjustments	8	6	0	-1	13
Completion of plant under construction	155	214	18	-387	0
Additions on acquisition	1	8	0	5	14
Additions	262	616	96	744	1,718
Disposals	-678	-914	-132	-3	-1,727
Cost at 30.09.2021	**10,486**	**10,260**	**938**	**1,162**	**22,846**
Depreciation and impairment at 01.10.2020	6,825	7,329	720	0	14,874
Foreign currency translation adjustments	0	-5	-2	0	-7
Impairment for the year	0	0	0	0	0
Depreciation for the year	340	699	87	0	1,126
Depreciation and impairment on disposals for the year	-660	-898	-126	0	-1,684
Depreciation and impairment at 30.09.2021	**6,505**	**7,125**	**679**	**0**	**14,309**
Carrying amount at 30.09.2021	**3,981**	**3,135**	**259**	**1,162**	**8,537**
Of which recognised interest expenses	38	0	0	0	38

Finance costs of DKK 0 million were recognised in the cost of property, plant and equipment under construction in the financial year (2020/21: DKK 0 million).

Note 11 Lease assets

DKKm	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total
Cost at 01.10.2021	492	221	195	908
Foreign currency translation adjustments	-4	-6	-2	-12
Additions on acquisition	0	42	3	45
Additions	343	32	47	422
Disposals	-17	-18	-25	-60
Cost at 30.09.2022	**814**	**271**	**218**	**1,303**
Depreciation and impairment at 01.10.2021	167	112	100	379
Foreign currency translation adjustments	-2	-6	-1	-9
Depreciation for the year	90	53	60	203
Depreciation and impairment on disposals for the year	-8	-18	-22	-48
Depreciation and impairment at 30.09.2022	**247**	**141**	**137**	**525**
Carrying amount at 30.09.2022	**567**	**130**	**81**	**778**
Cost at 01.10.2020	422	190	152	764
Foreign currency translation adjustments	0	2	1	3
Additions on acquisition	13	0	0	13
Additions	79	36	65	180
Disposals	-22	-7	-23	-52
Cost at 30.09.2021	**492**	**221**	**195**	**908**
Depreciation and impairment at 01.10.2020	89	75	53	217
Foreign currency translation adjustments	1	1	0	2
Depreciation for the year	82	43	65	190
Depreciation and impairment on disposals for the year	-5	-7	-18	-30
Depreciation and impairment at 30.09.2021	**167**	**112**	**100**	**379**
Carrying amount at 30.09.2021	**325**	**109**	**95**	**529**

Lease liabilities are specified in note 21.

Invested capital

Note 12 Equity investments in associates and joint ventures

DKKm	Associates 30.09.2022	Associates 30.09.2021	Joint ventures 30.09.2022	Joint ventures 30.09.2021
Cost at 1 October	168	163	17	17
Foreign currency translation adjustments	6	5	0	0
Disposals	-5	0	0	0
Cost at 30 September	**169**	**168**	**17**	**17**
Value adjustments at 1 October	125	90	36	28
Share of net profit	71	118	15	8
Foreign currency translation adjustments	2	12	-1	0
Other market value adjustments	33	3	0	0
Distribution during the year	-65	-98	0	0
Value adjustments at 30 September	**166**	**125**	**50**	**36**
Carrying amount at 30 September	**335**	**293**	**67**	**53**

DKKm	Associates 2021/22	Associates 2020/21	Joint ventures 2021/22	Joint ventures 2020/21
Statement of comprehensive income				
Revenue	1,687	1,580	1,252	1,203
Profit for the year	216	240	29	15
Other comprehensive income	19	3	0	0
Total comprehensive income (100%)	**235**	**243**	**29**	**15**
Dividend received	**65**	**98**	**0**	**0**
Non-current assets	709	684	84	10
Current assets	673	621	169	132
Non-current liabilities	214	245	0	0
Current liabilities	467	407	116	34
Equity (100%)	**701**	**653**	**137**	**108**

The financial year of Daka Danmark A/S, Agri-Norcold A/S, Oriental Sino Limited and WestCrown GmbH runs from 1 January to 31 December. For consolidation purposes, financial statements are prepared in accordance with Danish Crown's accounting policies for periods corresponding to Danish Crown's accounting periods.

Note 13 Other securities and equity investments

DKKm	30.09.2022	30.09.2021
Unlisted shares	12	8
Listed bonds	33	44
	45	**52**
Securities are recognised in the balance sheet as follows:		
Non-current assets	12	8
Current assets	33	44
	45	**52**

Invested capital

Note 14 Acquisitions

	Principal activity	Acquisition date	Ownership interest acquired %	Voting share acquired %
During the financial year, the group acquired the following companies:				
2021/22				
Charkuterifabriken Sverige Holding AB	Food production	11.01.2022	100%	100%
Fastighet Fregotten 1 Halmstad AB	Property company	11.01.2022	100%	100%
In Foods ApS	Food production	01.12.2021	80%	80%
Kolding Export Center A/S	Export stable	07.09.2022	51%	51%
2020/21				
Ingemar Johansson i Sverige AB	Food production	14.01.2021	100%	100%
Vicente Gallent S.L.U.	Casings	03.09.2021	100%	100%

The group did not sell any companies in the financial year.

The acquisitions made in 2021/22 and 2020/21 all serve to strengthen the group's primary business area and are important for the group to achieve its strategy of higher added value of its raw materials. In connection with acquisitions made in 2021/22, goodwill totalling DKK 131 million was recognised. Of the capitalised goodwill amount, DKK 0 million is expected to be tax deductible. As described in note 9, it has not been necessary to make an impairment charge of the capitalised goodwill amounts.

The consideration paid in connection with the acquisitions exceeds the fair value of acquired identifiable assets, liabilities and contingent liabilities. This positive difference (goodwill) is primarily based on expected synergies between the activities of the acquired businesses and the group's existing activities, future growth potential and the staff of the businesses. These synergies are not recognised separately from goodwill because they are not separately identifiable.

Of the group's profit for the year, DKK -5 million is attributable to results generated in acquired businesses. Of the group's revenue, DKK 572 million is attributable to acquired businesses.

If the acquired businesses had been acquired effective 1 October 2021, revenue for 2021/22 would have been approximately DKK 857 million, and profit for the year around DKK -5 million in the acquired businesses. Management believes that these pro forma figures reflect the level of earnings in the group after the acquisition of the businesses and that these amounts should therefore be used as a basis for comparison in subsequent financial years.

In the computation of the pro forma revenue and the pro forma profit for the year, the following significant assumptions have been used:

- Depreciation of property, plant and equipment and amortisation of intangible assets was calculated on the basis of the carrying amounts of the acquisition balance sheet rather than the original carrying amounts.
- Financial expenses were calculated on the basis of the group's financing need, credit assessments and debt/equity ratio following the business combinations.

In connection with the acquisition of the activities in the acquired businesses, transaction costs of DKK 3 million were incurred. Transaction costs include adviser fees and legal fees, which are recognised as administrative expenses.

Of the total cash consideration, DKK 244 million was paid in the current financial year and DKK 11 million is expected to be paid within the next year.

Consideration **DKKm**	**2021/22**	**2020/21**
Intangible assets	51	6
Property, plant and equipment and lease assets	302	27
Other non-current assets	2	0
Non-current assets	**355**	**33**
Inventories	32	42
Trade receivables	35	43
Other current assets	8	6
Current assets	**75**	**91**
Non-current liabilities	**-165**	**-28**
Trade payables	-66	-26
Other current liabilities	-71	-14
Current liabilities	**-137**	**-40**
Net assets acquired	**128**	**56**
Goodwill	131	32
Non-controlling interests	-5	0
Total consideration	**254**	**88**
Acquired cash in hand and at bank	1	-3
Cash consideration	**255**	**85**

Invested capital

Note 15 Other provisions

DKKm	Employee-related	Specific require-ments	Renovation of leasehold premises etc.	Other	Total
Other provisions at 1 October 2021	83	95	29	82	289
Transferred	0	-29	0	29	0
Foreign currency translation adjustments	-1	0	0	0	-1
Utilised during the year	-5	0	0	-15	-20
Reversal of unutilised provision	-15	0	-5	-26	-46
Provisions for the year	22	21	0	24	67
Other provisions 30 September 2022	**84**	**87**	**24**	**94**	**289**
Other provisions at 1 October 2020	73	91	30	87	281
Foreign currency translation adjustments	-1	0	0	0	-1
Utilised during the year	-4	-4	-1	-7	-16
Reversal of unutilised provision	-2	-1	0	0	-3
Provisions for the year	17	9	0	2	28
Other provisions at 30 September 2019	**83**	**95**	**29**	**82**	**289**

Other provisions can be specified by maturity as follows:

	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
30 September 2022	**143**	**83**	**63**	**289**
30 September 2021	**132**	**111**	**46**	**289**

The provisions were made based on the latest information available. The group believes that the risk in the individual areas has been fully provided for and that it will not require additional provisions.

Note 16 Deferred tax

DKKm	30.09.2022	30.09.2021
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax assets	121	147
Deferred tax liabilities	-520	-299
	-399	**-152**
Tax value of non-recognised deferred tax assets	**277**	**450**
The expiry dates of tax losses to be carried forward can be specified as follows:		
No expiry date	402	374
Expiry within 1 year	0	0
Expiry between 1 and 5 years	539	298
Expiry after 5 years	1	23
	942	**695**

The tax value of tax losses amounting to DKK 244 million (2020/21: DKK 167 million) was not recognised as it was not deemed sufficiently probable that the losses will be utilised in the foreseeable future.

Invested capital

Note 16 Deferred tax – continued

2021/22 **DKKm**	**Deferred tax at 01.10.2021**	**Foreign currency translation adjustment**	**Changes in respect of previous years**	**Recognised in net profit for the year**	**Recognised in other comprehensive income**	**Additions on acquisition**	**Change in tax rate**	**Deferred tax at 30.09.2022**
Intangible assets	-94	-2	6	-3	0	-10	0	-103
Property, plant and equipment	137	5	-150	-54	0	-25	1	-86
Financial assets	0	1	0	2	0	0	0	3
Current assets	49	-2	-7	17	0	0	0	57
Non-current liabilities	-46	-3	-13	-93	0	0	-1	-156
Current liabilities	84	-2	65	5	-3	10	-1	158
Tax losses carried forward	167	7	-39	107	0	2	0	244
	297	**4**	**-138**	**-19**	**-3**	**-23**	**-1**	**117**
Write-down of tax assets and provision for uncertain tax positions	-449	-6	15	-74	0	-2	0	-516
	-152	**-2**	**-123**	**-93**	**-3**	**-25**	**-1**	**-399**

2020/21 **DKKm**	**Deferred tax at 01.10.2020**	**Foreign currency translation adjustment**	**Changes in respect of previous years**	**Recognised in net profit for the year**	**Recognised in other comprehensive income**	**Additions on acquisition**	**Change in tax rate**	**Deferred tax at 30.09.2021**
Intangible assets	-82	1	-5	-8	0	0	0	-94
Property, plant and equipment	154	-3	-75	63	0	-1	-1	137
Financial assets	-2	0	2	0	0	0	0	0
Current assets	71	0	-4	-18	0	0	0	49
Non-current liabilities	-36	0	14	-23	0	0	-1	-46
Current liabilities	88	-1	-5	8	-4	-2	0	84
Tax losses carried forward	68	6	7	86	0	0	0	167
	261	**3**	**-66**	**108**	**-4**	**-3**	**-2**	**297**
Write-down of tax assets and provision for uncertain tax positions	-343	-5	0	-101	0	0	0	-449
	-82	**-2**	**-66**	**7**	**-4**	**-3**	**-2**	**-152**

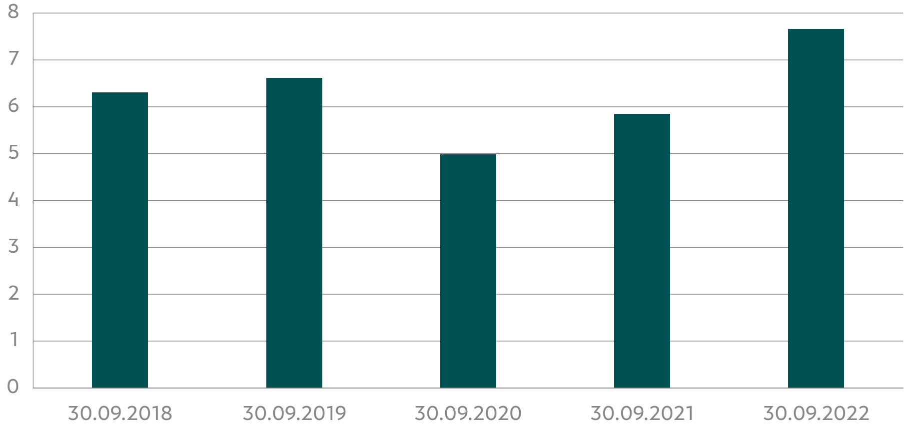
Deferred tax assets and deferred tax are set off in the balance sheet when a legal right of set-off exists, and the deferred tax asset and deferred tax concern the same legal tax unit/consolidation.

Net working capital

Calculation of net working capital

DKKm	Note	30,09,2022	30,09,2021
Inventories	17	5,874	4,722
Biological assets	18	30	29
Trade receivables	19	7,626	6,195
Receivables from associates		21	12
Other receivables		1,059	814
Prepayments		134	117
Trade payables		-4,445	-3,568
Payables to associates		-85	-42
Income tax payable		-146	-160
Other payables		-2,353	-2,216
Deferred income		-56	-53
		7,659	**5,850**

Development in net working capital past 5 years, DKKbn



Note 17 Inventories

DKKm	30.09.2022	30.09.2021
Raw materials and consumables	887	663
Semi-finished goods	539	464
Finished goods and goods for resale	4,448	3,595
	5,874	**4,722**
Cost of sales	49,318	44,148
Net write-down for the year of inventories recognised as income (-) or expenses (+) in the income statement	-37	20

Note 18 Biological assets

DKKm	30.09.2022	30.09.2021
Slaughter pigs	21	23
Land holdings	7	4
Other	2	2
	30	**29**
No. of slaughter pigs	14,956	16,698
No. of sows and boars	1,260	1,204
Kg produced ('000) during the year	2,847	3,269

Net working capital

Note 19 Trade receivables

DKKm	30.09.2022	30.09.2021
Trade receivables (gross)	**7,693**	**6,267**
Write-down for bad debts at 1 October	-72	-112
Foreign currency translation adjustments	1	-2
Realised losses for the year	5	8
Reversed provisions	9	43
Provisions for bad debts for the year	-10	-9
Write-down for bad debts at 30 September	**-67**	**-72**
Trade receivables (net)	**7,626**	**6,195**

DKKm	Loss rate	Gross receivables 30.09.2022	Expected loss	Net receivables 30.09.2022	Net receivables 30.09.2021
Not due	0.1	6,626	7	6,619	5,376
Less than 30 days overdue	0.2	778	2	776	610
Between 30 and 90 days overdue	2.0	154	3	151	122
More than 90 days overdue	25.0	106	26	80	87
		7,664	**38**	**7,626**	**6,195**

The maximum credit risk on receivables more than 30 days overdue, but not written down, is DKK 39 million (30.09.2021: DKK 45 million).

The primary credit risk of the group concerns trade receivables. The payment terms stated in the group's sales contracts with customers are based on the underlying performance obligation and customer relations. The group's payment terms comprise short-term credits averaging approximately 35 days. No sales with significant long payment terms exist.

Customers are credit-rated individually, and based on an overall assessment of the customer's ability to pay and geographical location, a decision is made on the use of credit insurance, letters of credit, prepayments or open credit terms. For customers with outstanding balances exceeding DKK 25 million, credit insurance must be taken out unless the customer has a credit rating of A or higher with a reputable rating agency.

Receivables are written down, partly on the basis of the simplified expected credit loss model, and partly on the basis of an individual assessment of whether the individual debtor's solvency is reduced, for example as a result of suspension of payments or bankruptcy.

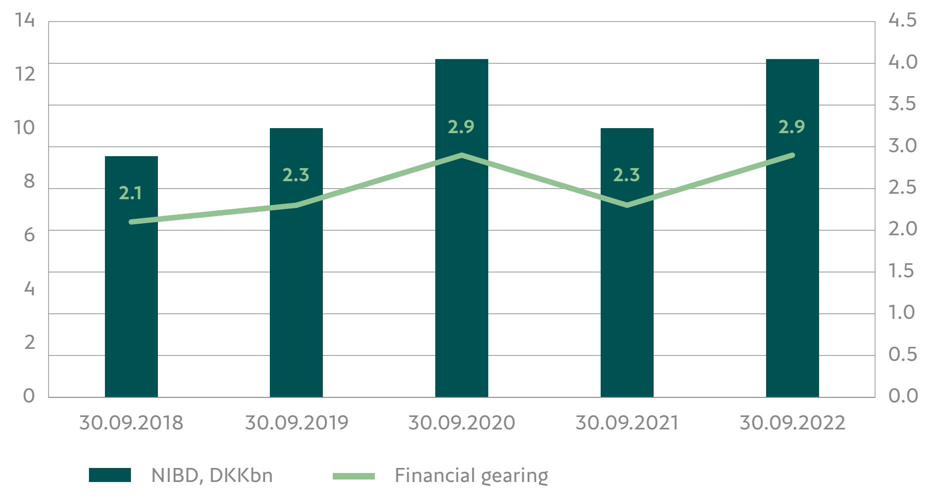
Individual receivables are written down to the calculated net realisable value. The carrying amount of receivables written down to net realisable value based on an individual assessment is DKK 29 million (30.09.2021: DKK 35 million).

Financing

Calculation of financial gearing

DKKm	Note	30.09.2022	30.09.2021
Mortgage debt	20	2,502	3,199
Other debt, issued bonds	20	3,573	4,038
Other credit institutions	20	1,831	904
Bank debt	20	4,631	1,863
Lease debt	20	730	505
Receivables from and prepayments to cooperative owners		-309	-233
Cash and short-term securities		-352	-248
Net interest-bearing debt (NIBD)		**12,606**	**10,028**
Operating profit before special items (EBIT)		2,885	2,818
Depreciation, amortisation and impairment	4	1,537	1,450
EBITDA		**4,422**	**4,268**
Financial gearing		**2.9**	**2.3**

Development in financial gearing past 5 years



Capital structure
The company's management assesses on an ongoing basis whether the group's capital structure matches the company's and the owners' interests. The overall target is to ensure a capital structure which supports long-term financial growth and, at the same time, maximises the return for the group's stakeholders by optimising the debt-equity ratio. The group's overall strategy is consistent with that of last year.

The group's capital structure includes debt, comprising financial liabilities in the form of mortgage debt, bank debt, finance lease liabilities, receivables from cooperative owners, cash and equity, including cooperative owner's accounts, owner's accounts, other reserves and retained earnings.

Financing

Note 20 Loans

Loans can be specified by maturity as follows:

DKKm	Due within 1 year	Due between 1 and 5 years	Due after 5 years	Total
30.09.2022				
Mortgage debt	181	553	1,768	2,502
Other debt, issued bonds	1,415	1,853	305	3,573
Other credit institutions	1,208	623	0	1,831
Bank debt	357	4,274	0	4,631
Lease debt	184	340	206	730
	3,345	**7,643**	**2,279**	**13,267**
30.09.2021				
Mortgage debt	179	712	2,308	3,199
Other debt, issued bonds	546	3,235	257	4,038
Other credit institutions	72	832	0	904
Bank debt	1,474	389	0	1,863
Lease debt	164	303	38	505
	2,435	**5,471**	**2,603**	**10,509**

Note 21 Lease liabilities

DKKm	30.09.2022	30.09.2021
Total undiscounted future minimum lease payments under capitalised non-cancellable leases (operating equipment and rent) break down as follows:		
Within 1 year of the balance sheet date	171	164
Between 1 and 5 years from the balance sheet date	335	302
More than 5 years after the balance sheet date	313	104
	819	**570**

DKKm	2021/22	2020/21
Total future cash flows according to leases concerning variable lease payments, options, residual value guarantees, leases that have not yet come into force, short-term leases and other non-recognised components	45	38

DKKm	2021/22	2020/21
Total lease expenses recognised in profit for the year		
Expenses relating to short-term leases	28	25
Expenses relating to low-value lease assets which are not part of short-term leases	8	7
Expenses relating to variable lease payments which are not a part of lease liabilities	1	1
	37	**33**

Lease assets are described in note 11.

Financing

Note 22 Financial risks

Financial risks are managed at group level in accordance with the group's treasury policy. The treasury policy is updated once every year and approved by the Board of Directors.

There have been no changes to the group's risk exposure or risk management relative to the previous financial year.

The group's principal risks	Note	How the group manages these risks
Currency risks	22.1	Hedged using foreign currency loans and overdrafts and forward exchange contracts.
Interest rate risks	22.2	Hedged using hedging instruments and fixed-rate commitments.
Liquidity risks	22.3	Entering into long-term commitments with a credit facility option.
Credit risks	22.4	Credit insurance and ongoing credit management.

The group hedges commercial risks only and does not engage in derivative financial transactions for speculation purposes. The four following notes provide details of the group's most important financial risks and the group's management thereof.

Note 22.1 Currency risk

Currency risks in respect of assets and liabilities and future cash flows
The group's business activities result in exposure to future exchange rate changes. The group's currency policy is to regularly hedge the commercial risk that exchange rate changes affect future cash flows in Danish kroner.

The commercial risk of exchange rate changes arises as a result of differences in exchange rates from the time of raising of cash and cash equivalents, securities, receivables, trade payables and other payables in foreign currency until these amounts are paid. Moreover, the commercial risk arises as a result of the impact on expected future sales, where expected future sales are sales orders concluded and specific expected sales in the short term.

To hedge recognised and non-recognised transactions, the group uses hedging instruments in the form of foreign currency overdrafts and loans and forward exchange contracts. The hedging of recognised assets and liabilities primarily comprises cash and cash equivalents, securities, receivables and financial liabilities.

At the balance sheet date, the fair value of the group's derivative financial instruments hedging the currency risk regarding recognised financial assets and liabilities was DKK -40 million (30 September 2021: DKK -6 million). The fair value of the derivative financial instruments is recognised under other payables/other receivables and set off against the foreign currency translation adjustments of the hedged assets and liabilities in the statement of comprehensive income.

The hedging of expected future cash flows is treated as a cash flow hedge, meaning that the fair value adjustment of the hedging instruments used is made through other comprehensive income. Fair value adjustment of hedging instruments used to hedge specific expected sales in the short term is calculated on the basis of the value of such sales.

The hedging of sales orders concluded is treated as a fair value hedge, meaning that the fair value adjustment of the hedged orders and the hedging instruments used is made through profit and loss.

If the group has concluded foreign currency hedging agreements which do not qualify as hedge accounting, such agreements are treated as trading portfolios, recognising fair value adjustments continuously through profit and loss.

Open forward exchange contracts at the balance sheet date have a term to maturity of up to 12 months and can be specified as described in the table on page 64 where agreements on the sale of currency are stated with a positive contractual value.

The group has performed a systematic review of contracts which may contain conditions making the contract or parts of it a derivative financial instrument. The review did not give rise to any recognition of derivative financial instruments.

Financing

Note 22.1 Currency risk – continued

Hedging of net investments in foreign subsidiaries
In addition to the commercial currency risk, Danish Crown has a number of investments in foreign subsidiaries and is exposed to exchange rate fluctuations in connection with the translation of these subsidiaries' equity to DKK. The group hedges some of this currency risk by raising loans in the relevant currency. This applies to net investments in EUR, USD, GBP, SEK and PLN.

The change in the foreign currency translation adjustment of these financial instruments (debt instruments) hedging the currency risk concerning investments in foreign currency is recognised in other comprehensive income. To the extent that the fair value adjustment does not exceed the value adjustment of the investment, adjustments of these financial instruments are made through other comprehensive income; otherwise the fair value adjustment is recognised in the income statement.

At the balance sheet date, DKK -23 million (30 September 2021: DKK 12 million) was recognised in other comprehensive income concerning fair value adjustment of instruments to hedge net investments and loans classified as additions to net investments.

There were no ineffective hedges in the present or previous financial years.

At the balance sheet date, the fair value of the cumulative market value adjustments of instruments hedging net investments amounted to DKK 89 million (30 September 2021: DKK 113 million).

Currency sensitivity analysis
The group's most important currency exposure with regard to sales concerns GBP, JPY, EUR and USD. Exchange rate fluctuations in respect of these currencies will not impact the group's financial results significantly as commercial currency positions are hedged in accordance with the group's risk policy, meaning that sales and net positions in the balance sheet are hedged.

The table on the right shows the effect it would have had on net profit and equity if the exchange rate of the most important currencies carrying a risk of significant exchange rate fluctuations had been 10 per cent lower than the exchange rate actually applied. If the exchange rate had been 10 per cent higher than the actual exchange rate, this would have had a corresponding positive effect on net profit and equity.

In the preparation of the sensitivity analysis, it is assumed that all hedges are assessed to be 100 per cent effective.

	Effect on net profit		Effect on equity	
DKKm	**30.09.2022**	**30.09.2021**	**30.09.2022**	**30.09.2021**
Effect if EUR exchange rate was 10% lower than actual exchange rate	-11	-10	-11	-10
Effect if GBP exchange rate was 10% lower than actual exchange rate	-4	3	-11	3
Effect if JPY exchange rate was 10% lower than actual exchange rate	0	0	-11	-4
Effect if SEK exchange rate was 10% lower than actual exchange rate	-1	-1	-1	-1
Effect if USD exchange rate was 10% lower than actual exchange rate	-6	-5	-48	-14
Effect if other exchange rates were 10% lower than actual exchange rate	-2	-3	-4	-5

Financing

Note 22.1 Currency risk – continued

DKKm	Cash and cash equivalents and securities	Receivables and expected sales	Trade payables and other payables	Commercial risk	Of which hedged by loans and overdrafts	Of which hedged by forward exchange contracts	Unhedged net position
EUR	0	2,332	-1,196	1,136	-1,024	35	147
GBP	0	904	-21	883	-749	-84	50
JPY	1	623	-1	623	-66	-554	3
SEK	0	94	-10	84	-58	-17	9
USD	0	4,434	-749	3,685	-15	-3,595	75
Other currencies	31	505	-71	465	148	-583	30
30 September 2022	**32**	**8,892**	**-2,048**	**6,876**	**-1,764**	**-4,798**	**314**
EUR	2	2,196	-949	1,249	-930	-188	131
GBP	2	703	-19	686	-722	0	-36
JPY	0	755	0	755	-132	-619	4
SEK	0	80	-12	68	-3	-55	10
USD	0	2,853	-600	2,253	-621	-1,562	70
Other currencies	71	533	-112	492	828	-1,278	42
30 September 2021	**75**	**7,120**	**-1,692**	**5,503**	**-1,580**	**-3,702**	**221**

	Hedging of future cash flows		Fair value hedging		Non-fulfilment of hedging criteria	
DKKm	Contractual value	Fair value adjustment, recognised in equity	Contractual value	Fair value	Contractual value	Fair value
Forward exchange contracts EUR	0	0	-13	0	-22	0
Forward exchange contracts GBP	84	0	0	0	0	0
Forward exchange contracts JPY	142	0	412	-2	0	0
Forward exchange contracts SEK	0	0	17	0	0	0
Forward exchange contracts USD	534	-7	3,076	-43	-15	0
Forward exchange contracts, other	20	0	563	5	0	0
30 September 2022	**780**	**-7**	**4,055**	**-40**	**-37**	**0**
Forward exchange contracts EUR	0	0	186	0	2	0
Forward exchange contracts GBP	0	0	0	0	0	0
Forward exchange contracts JPY	55	0	564	5	0	0
Forward exchange contracts SEK	0	0	55	0	0	0
Forward exchange contracts USD	116	-2	1,449	-20	-3	0
Forward exchange contracts, other	30	0	1,256	9	-8	0
30 September 2021	**201**	**-2**	**3,510**	**-6**	**-9**	**0**

Financing

Note 22.2 Interest rate risk

The Danish Crown Group has, to a wide extent, interest-bearing financial assets and liabilities and is as such exposed to interest rate risk.

We aim to ensure a reasonable balance between the group's exposure to floating and fixed interest rates. Significant changes to the mix of floating and fixed interest rates must be approved by the Board of Directors.

The group can show its financial assets and liabilities broken down by interest-reset or maturity dates, whichever occurs first, as interest-bearing assets and liabilities falling due after one year are considered to carry a fixed interest rate as shown in the table on the right-hand side of this page.

Sensitivity analysis
Interest rate fluctuations affect the group's bond portfolios, floating-rate bank deposits, mortgage debt and other payables. An increase in interest rate levels of 1 percentage point per year relative to the interest rate level at the balance sheet date would have resulted in a decrease in the group's net profit and equity of DKK 83 million (2020/21: DKK 48 million). A corresponding decrease in interest rate levels would have had an equivalent positive effect on the group's net profit and equity.

The group aims to ensure a reasonable balance between the group's exposure to floating and fixed interest rates. The interest rate risk constitutes the annual change in financial cash flows entailed in the event of a 1 percentage point change in interest rates.

The following assumptions were applied when preparing the sensitivity analysis:
- Sensitivities are based on financial assets and liabilities recognised at 30 September 2022. Future instalments, raising of loans etc. during the course of the year have not been taken into consideration.
- All hedges of floating-rate loans are deemed to be 100 per cent effective.

Fair value of payables
The fair value of mortgage debt, debt to other credit institutions and bank debt has been calculated at the present value of future instalments and interest payments by using the current interest rate curve derived from current market rates (level 2). The fair value of the interest rate swaps outstanding at the balance sheet date hedging interest rate risks on floating-rate loans amounts to DKK 9 million (30 September 2021: minus DKK 12 million) (level 2).

The group's bank deposits are placed in current accounts or fixed-term deposit accounts.

Sale and repurchase transactions in respect of bonds (repos) entered into concurrently with the raising of bond loans in the same series are classified as derivative financial instruments, with bonds being the underlying assets. At 30 September 2022, such sale and repurchase transactions with a nominal value of DKK 3,167 million (30 September 2021: DKK 3,393 million) have been entered into. The fair value of the derivative financial instruments is immaterial.

DKKm	Within 1 year	Between 1 and 5 years	After 5 years	Total	Fair value
Bonds	-33	0	0	-33	-33
Bank deposits	-319	0	0	-319	-319
Mortgage debt	2,271	56	175	2,502	2,677
Other debt, issued bonds	1,415	1,853	305	3,573	3,573
Other credit institutions	1,209	622	0	1,831	1,831
Bank debt	4,631	0	0	4,631	4,631
Finance lease liabilities	687	42	1	730	702
Interest rate swaps, fixed rate	0	0	0	0	-9
30 September 2022	**9,861**	**2,573**	**481**	**12,915**	**13,053**
Bonds	-44	0	0	-44	-44
Bank deposits	-204	0	0	-204	-204
Mortgage debt	2,905	66	228	3,199	3,092
Other debt, issued bonds	2,012	1,769	257	4,038	4,038
Other credit institutions	72	832	0	904	905
Bank debt	1,748	115	0	1,863	1,863
Finance lease liabilities	433	71	1	505	468
Interest rate swaps, fixed rate	-818	818	0	0	12
30 September 2021	**6,104**	**3,671**	**486**	**10,261**	**10,130**

Financing

Note 22.3 Liquidity risk

The group is exposed to unforeseen fluctuations in liquidity outflows.

The group's strategy is to have an overweight of long-term commitments to ensure financing stability. The group's strategy is also to have enough cash resources to be able to make the necessary arrangements in the event of unforeseen fluctuations in the outflow of cash. In connection with the raising of loans etc., it is group policy to ensure the greatest possible flexibility through a spreading of the loans in relation to maturity, renegotiation dates and counterparties, taking into account pricing etc.

The maturities of financial liabilities are specified by the time intervals applied in the group's cash management. The amounts specified in the table on the right are the amounts falling due for payment including interest, etc. The table thus shows the amounts which the Danish Crown Group is contractually committed to pay within 1 year, between 1 and 5 years and after 5 years.

Non-performance of loan agreements
The group has neither during the financial year nor during the year of comparison been in arrears with or defaulted on any of its loan agreements.

DKKm	30.09.2022	30.09.2021
Cash resources comprise:		
Cash	319	204
Unutilised credit facilities	2,844	4,612
	3,163	**4,816**

Undiscounted future contractual cash flows

DKKm	Within 1 year	Between 1 and 5 years	After 5 years	Total
Non-derivative financial liabilities				
Mortgage debt	223	705	1,636	2,564
Other debt, issued bonds	1,517	2,084	317	3,918
Other credit institutions	1,233	639	0	1,872
Bank debt	476	4,372	0	4,848
Finance lease liabilities	175	391	338	904
Trade payables	4,445	0	0	4,445
Other payables	2,315	0	0	2,315
	10,384	**8,191**	**2,291**	**20,866**
Derivative financial instruments				
Derivative financial instruments hedging the fair value of recognised assets and liabilities	40	0	0	40
Derivative financial instruments hedging future cash flows	-2	0	0	-2
30 September 2022	**10,422**	**8,191**	**2,291**	**20,909**
Non-derivative financial liabilities				
Mortgage debt	215	841	2,506	3,562
Other debt, issued bonds	645	3,441	276	4,362
Other credit institutions	81	856	0	937
Bank debt	1,577	286	0	1,863
Finance lease liabilities	172	316	104	592
Trade payables	3,568	0	0	3,568
Other payables	2,181	0	0	2,181
	8,439	**5,740**	**2,886**	**17,065**
Derivative financial instruments				
Derivative financial instruments hedging the fair value of recognised assets and liabilities	21	0	0	21
Derivative financial instruments hedging future cash flows	14	0	0	14
30 September 2021	**8,474**	**5,740**	**2,886**	**17,100**

Financing

Note 22.4 Credit risk

The primary credit risk of the group concerns trade receivables. See note 19 for additional information on credit risk relating to trade receivables.

Agreements on derivative financial instruments with a nominal value exceeding DKK 100 million are generally only concluded with reputable insurance or credit institutions with a credit rating of A or higher with Standard & Poor's.

Note 23 Categories of financial instruments

DKKm	30.09.2022	30.09.2021
Other securities and equity investments	45	52
Financial assets measured at fair value through profit and loss	**45**	**52**
Derivative financial instruments hedging the fair value of recognised assets and liabilities	23	15
Derivative financial instruments hedging future cash flows	10	0
Financial assets used as hedging instruments	**33**	**15**
Trade receivables	7,626	6,195
Receivables from and prepayments to cooperative owners	309	233
Receivables from associates	21	12
Other receivables	1,026	799
Cash	319	204
Loans and receivables	**9,301**	**7,443**
Other liabilities	0	0
Financial liabilities measured at fair value through profit and loss	**0**	**0**
Financial liabilities used as hedging instruments of net investments in foreign subsidiaries	3,925	3,305
Derivative financial instruments hedging the fair value of recognised assets and liabilities	63	21
Derivative financial instruments hedging future cash flows	8	14
Financial liabilities used as hedging instruments	**3,996**	**3,340**
Mortgage debt	2,502	3,199
Other debt, issued bonds	3,573	4,038
Other credit institutions	1,831	904
Bank debt	706	-1,442
Lease liabilities	730	505
Trade payables	4,445	3,568
Payables to associates	85	42
Other payables	2,282	2,181
Financial liabilities measured at amortised cost	**16,154**	**12,995**

Financing

Note 24 Fair value of financial instruments

The fair value of financial liabilities and bank deposits, which are not measured at fair value, are disclosed in note 22.2. The fair value of receivables, trade payables, payables to associates and other payables is assumed to equal the recognised values.

Fair value hierarchy for financial instruments measured at fair value in the balance sheet
The table on the right shows the classification of financial instruments measured at fair value, distributed according to the fair value hierarchy:

- Quoted prices in an active market for identical instruments (level 1).
- Quoted prices in an active market for similar assets or liabilities or other valuation methods according to which all important inputs are based on observable market data (level 2).
- Valuation methods according to which any important inputs are not based on observable market data (level 3).

Methodology and assumptions for the calculation of fair values
Listed bonds and shares
The portfolio of listed government bonds, mortgage bonds and shares is measured at quoted prices and price quotes.

Unlisted shares
Unlisted shares are measured on the basis of market multiples for a group of comparable listed companies less an estimated factor for trading in an unlisted market. If this is not possible, unlisted shares are measured at cost.

Derivative financial instruments
Forward exchange contracts and interest rate swaps are measured on the basis of generally accepted valuation methods based on relevant observable swap curves and foreign exchange rates.

DKKm	30.09.2022	30.09.2021
The group has a few financial instruments measured at fair value in the balance sheet on the basis of valuation methods according to which any important inputs are not based on observable market data (level 3): Developments in these financial instruments may be illustrated as follows:		
Carrying amount at 1 October	6	6
Purchase	4	0
Sale	-5	0
Carrying amount at 30 September	**5**	**6**
Gain/loss included in net profit for the year for assets held at 30 September	**0**	**0**

DKKm	Level 1	Level 2	Level 3	Total
30 September 2022				
Derivatives included in the trading portfolio	0	0	0	0
Listed bonds	0	0	0	0
Unlisted shares	0	0	5	5
Financial assets measured at fair value through profit and loss	**0**	**0**	**5**	**5**
Financial assets used as hedging instruments	**0**	**33**	**0**	**33**
Other liabilities	0	0	0	0
Financial liabilities measured at fair value through profit and loss	**0**	**0**	**0**	**0**
Financial liabilities used as hedging instruments	**0**	**71**	**0**	**71**
30 September 2021				
Derivatives included in the trading portfolio	0	0	0	0
Listed bonds	0	0	0	0
Unlisted shares	0	0	6	6
Financial assets measured at fair value through profit and loss	**0**	**0**	**6**	**6**
Financial assets used as hedging instruments	**0**	**15**	**0**	**15**
Other liabilities	0	0	0	0
Financial liabilities measured at fair value through profit and loss	**0**	**0**	**0**	**0**
Financial liabilities used as hedging instruments	**0**	**35**	**0**	**35**

No material transfers were made between level 1 and level 2 in the financial year.

Other notes

Note 25 Contingent liabilities

DKKm	30.09.2022	30.09.2021
Other guarantees	17	51

The group is involved in a few lawsuits and disputes. Management is of the opinion that the outcome of these will not have any significant impact on the group's financial position.

Note 26 Security

DKKm	30.09.2022	30.09.2021
The following assets have been provided as security for mortgage debt and other long-term debt:		
Nominal mortgage secured on land, buildings and production facilities etc.	3,710	3,774
Carrying amount of the above-mentioned assets	3,360	3,375

Note 27 Related parties

Leverandørselskabet Danish Crown AmbA has no related parties exercising control.

The company's related parties exercising significant influence comprise members of the Board of Directors and the Executive Board as well as members of their families.

Related parties also include enterprises in which such persons have significant interests.

Furthermore, related parties include associates, see the group structure, in which the company exercises significant influence.

Related party transactions
During the financial year, the group has engaged in the following related party transactions:

DKKm	Associates and joint ventures	Board of Directors of the parent	Executive Board of the parent	Total
2021/22				
Sale of goods	506	12	0	518
Purchase of goods	8	359	0	367
Sale of services	3	0	0	3
Purchase of services	407	0	0	407
Salaries and other remuneration	0	9	34	43
Trade receivables	21	5	0	26
Trade payables	73	11	0	84
Dividend received/supplementary payments	65	36	0	101
Cooperative owner's accounts and owner's accounts	0	34	0	34
2020/21				
Sale of goods	409	0	0	409
Purchase of goods	13	341	0	354
Sale of services	3	0	0	3
Purchase of services	331	0	0	331
Salaries and other remuneration	0	8	43	51
Trade receivables	12	4	0	16
Trade payables	41	9	0	50
Dividend received/supplementary payments	98	34	0	132
Cooperative owner's accounts and owner's accounts	0	31	0	31

No security or guarantees for balances had been provided at the balance sheet date. Both receivables and trade payables will be settled in cash.

No bad debts in respect of related parties were realised, and no provision for bad debts was made.

Other notes

Note 28 Rights and liabilities of the cooperative owners

The rights of the cooperative owners of Leverandørselskabet Danish Crown AmbA are set out in the company's articles of association. The individual cooperative owners elect representatives to the company's supreme governing body, the Board of Representatives. Members are elected to the company's Board of Directors from among the members of the Board of Representatives.

With due consideration to the company's articles of association the Board of Representatives decides on the Board of Directors' recommendation for the annual supplementary payments out of the net profit for the year. Until 2017, in accordance with the articles of association, the individual cooperative owners accumulated balances in cooperative owner's accounts which are held as the company's contributed capital. This accumulation of cooperative owner's accounts was terminated with effect from 2018. Disbursement from cooperative owners' accounts commenced last year. In addition, any distribution of profit for the year to owner's accounts by the Board of Representatives is accumulated as equity.

Disbursements from cooperative owner's accounts and owner's accounts are made in accordance with the relevant provisions of the articles of association and are adopted annually by the Board of Representatives in connection with the approval of the annual report and the adoption of appropriation. According to the articles of association, disbursements from cooperative owner's accounts and owner's accounts can only be made if deemed proper with regard to the company's creditors.

The cooperative owners are personally, jointly and severally liable for the liabilities of the parent. The liability of each cooperative owner is calculated on the basis of the deliveries made by such owner and cannot exceed DKK 25,000.

No. of cooperative owners	**30.09.2022**	**30.09.2021**
No. of cooperative owners at 1 October	5,620	5,900
Net reduction	-216	-280
No. of cooperative owners at 30 September	**5,404**	**5,620**

DKKm	**30.09.2022**	**30.09.2021**
Total liability	135	141
Proposed supplementary payments for the cooperative owners (incl. return on cooperative owner's accounts)	1,665	1,672

Note 29 Specifications to the cash flow statement

DKKm	**2021/22**	**2020/21**
Change in net working capital:		
Inventories	-1,152	-112
Biological assets	-1	-3
Trade receivables	-1,431	-671
Receivables from associates	-9	7
Other receivables	-245	-57
Prepayments	-17	-27
Trade payables	877	96
Payables to associates	43	-15
Income tax payable	-14	6
Other payables	137	-96
Deferred income	3	3
Foreign currency translation adjustment etc.	149	66
	-1,660	**-803**
Cash and cash equivalents		
Cash and bank deposits, see balance sheet	319	204
	319	**204**

DKKm	**2021/22**	**2020/21**
Liabilities in respect of financing activities		
Balance at 1 October	10,276	9,549
Loans raised	3,550	1,479
Repayment and servicing of loans	-1,255	-744
Lease debt raised	425	195
Repayment of lease debt	-200	-203
Debt assumed in connection with the acquisition of businesses	142	13
Foreign currency translation adjustments	20	-13
Balance at 30 September	**12,958**	**10,276**

Other notes

Note 30 Accounting policies

The 2021/22 consolidated financial statements of Leverandørselskabet Danish Crown AmbA are presented in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for financial statements of class C enterprises, see the Danish Executive Order on IFRS issued in accordance with the Danish Financial Statements Act. Leverandørselskabet Danish Crown AmbA is a cooperative domiciled in Denmark.

The consolidated financial statements are presented in Danish kroner (DKK) rounded to the nearest DKK million, which is the presentation currency for the group's activities.

The consolidated financial statements are prepared on a historical cost basis, except for derivative financial instruments and financial assets which are recognised at fair value through profit and loss, biological assets which are also measured at fair value as well as net assets concerning discontinued assets which are measured at expected sales prices (net).

The accounting policies are unchanged from last year.

Effects of new or amended IFRS standards
The group has implemented all new standards and interpretations in force in the EU from 1 October 2021. IASB has regularly issued a number of amendments to existing standards and new interpretations. It is Management's assessment that these changes will not have any significant impact on the consolidated financial statements.

Consolidated financial statements
The consolidated financial statements comprise Leverandørselskabet Danish Crown AmbA (the parent) and the enterprises (subsidiaries) in which the parent is deemed to exercise control. The parent is considered to exercise control in an enterprise in which it has invested if the parent is exposed or entitled to variable returns and is able to affect such returns based on its investment in the enterprise.

Enterprises in which the group, directly or indirectly, holds between 20 per cent and 50 per cent of the voting rights and exercises a significant influence, but not control, are regarded as associates. Enterprises in which the group directly or indirectly has joint control are regarded as joint ventures.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of Leverandørselskabet Danish Crown AmbA and its subsidiaries. The consolidated financial statements are prepared by combining items of a uniform nature. All financial statements used for consolidation purposes are presented in accordance with the accounting policies of the group.

On consolidation, intra-group income and expenses, accounts and dividends as well as gains and losses on transactions between the consolidated enterprises are eliminated.

The tax effect of these eliminations is taken into account.

The items in the financial statements of the subsidiaries are recognised in full in the consolidated financial statements.

Non-controlling interests
On initial recognition, non-controlling interests are either measured at fair value or at their proportionate share of the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business. The choice of method is made for each individual transaction. The non-controlling interests are subsequently adjusted for their proportionate share of changes in the subsidiary's equity. The comprehensive income is allocated to the non-controlling interests, even if this may cause the non-controlling interest to become negative.

Acquisition of non-controlling interests in a subsidiary and sale of non-controlling interests in a subsidiary which do not entail obtaining or losing control are treated in the consolidated financial statements as an equity transaction, and the difference between the consideration and the carrying amount is allocated to the parent's share of equity.

Any liabilities relating to put options allocated to non-controlling shareholders in subsidiaries are recognised as liabilities at the present value of the amount falling due upon exercise of the option if the group has an obligation to transfer cash and cash equivalents or other assets. The liability is deducted from equity owned by non-controlling interests, and shares of profit or loss are subsequently not transferred to non-controlling interests. On subsequent balance sheet dates, the financial liability is measured again, and any value adjustments are recognised in net financials in the income statement.

Business combinations
Newly acquired or newly established businesses are recognised in the consolidated financial statements from the date of acquisition or establishment of such businesses, respectively. The date of acquisition is the date when control of the business actually passes to the group. Businesses divested or wound up are recognised in the consolidated income statement until the date of divestment or winding up of such business, respectively. The date of divestment is the date when control of the business actually passes to a third party.

On acquisition of new businesses where the group comes to exercise control over the acquired business, the purchase method is used, according to which the identifiable assets, liabilities and contingent liabilities of the newly acquired businesses are measured at fair value on the date of acquisition. Non-current assets which are acquired with the intention to sell them are, however, measured at fair value less expected costs to sell. Restructuring costs are only recognised in the acquisition balance sheet if they constitute a liability for the acquired business. Allowance is made for the tax effect of revaluations. The purchase price of a business consists of the fair value of the consideration paid for the acquired business. If the final determination of the price is contingent on one or more future events, such events are recognised at their fair values at the date of acquisition. Costs which are directly attributable to the acquisition of the business are recognised directly in the income statement when incurred.

The excess of the consideration paid for the acquired business, the value of non-controlling interests in the acquired business and the fair value of previously acquired investments over the fair value of the acquired assets, liabilities and contingent liabilities (goodwill) is recognised as an asset under intangible assets and tested for impairment at least once a year. If the carrying amount of the asset exceeds its recoverable amount, the asset is written down to the lower recoverable amount.

If, on the date of acquisition, there is uncertainty as to the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration, initial recognition is based on provisionally determined amounts. The provisionally determined amounts can be adjusted or additional assets or liabilities can be recognised until 12 months after the acquisition to reflect new information obtained about facts and circumstances that existed at the date of acquisition and, if known, would have affected the calculation of the amounts at the date of acquisition.

Changes in estimates of contingent consideration are, as a general rule, recognised directly in the income statement. In connection with the transition to IFRS, business combinations completed before 30 September 2002 were not restated to the abovementioned accounting policy. The carrying amount at 30 September 2002 of goodwill relating to business combinations completed before 30 September 2002 is regarded as the cost of the goodwill.

Gains or losses on the divestment or winding up of subsidiaries and associates
Gains or losses on the divestment or winding up of subsidiaries and associates which entails a loss of control or significant influence, respectively, are calculated as the difference between the fair value of the sales proceeds or the winding-up amount and the fair value of any remaining equity investments on the one hand, and the carrying amount of the net assets at the date of divestment or winding up, including goodwill, less non-controlling interests (if any) on the other. The gain or loss thus calculated is recognised in the income statement together with

Other notes

Note 30 Accounting policies – continued

the accumulated foreign currency translation adjustments that are recognised in other comprehensive income.

In connection with the divestment of ownership interests in associates and jointly controlled enterprises which are fully or partly paid for by ownership interests in the acquiring company, meaning that significant influence still exists after the transaction, a specific assessment is made of the transaction. If the transaction has commercial substance, i.e. if the divestment significantly affects the future cash flows from the ownership interests in terms of risks, timing and size, the gain or loss is recognised without proportionate elimination.

Foreign currency translation
On initial recognition, transactions in currencies other than the functional currency of the individual enterprise are translated at the exchange rates applicable at the transaction date. Receivables, payables and other monetary items in foreign currencies which have not been settled at the balance sheet date are translated at the exchange rates applicable at the balance sheet date.

Exchange rate differences arising between the transaction date and the payment date and the balance sheet date, respectively, are recognised in the income statement as net financials.

Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currencies and measured on the basis of historical cost are translated at the exchange rates applicable at the transaction date. Non-monetary items which are revalued to fair value are recognised at the exchange rates applicable at the date of revaluation.

On recognition in the consolidated financial statements of enterprises reporting in a functional currency other than Danish kroner (DKK), the income statements are translated at average exchange rates unless these deviate significantly from the actual exchange rates applicable at the transaction dates. In the latter case, the actual exchange rates are used. Balance sheet items are translated at the exchange rates applicable at the balance sheet date. Goodwill is regarded as belonging to the business acquired and is translated at the exchange rate applicable at the balance sheet date.

Exchange rate differences arising on translation of the balance sheet items of foreign enterprises at the beginning of the year at the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates using the exchange rates applicable at the balance sheet date are recognised in other comprehensive income. Similarly, exchange rate differences arising as a result of changes made directly in the equity of the foreign enterprise are also recognised in other comprehensive income.

Foreign currency translation adjustments of receivables from or payables to subsidiaries which are considered part of the parent's total investment in the subsidiary in question are recognised in other comprehensive income in the consolidated financial statements.

Derivative financial instruments
On initial recognition, derivative financial instruments are measured at fair value at the settlement date.

After initial recognition, the derivative financial instruments are measured at fair value at the balance sheet date. Positive and negative fair values of derivative financial instruments are included in other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments classified as and qualifying for recognition as hedges of the fair value of a recognised asset, a recognised liability or a permanent order are recognised in the income statement together with changes in the value of the hedged item.

Changes in the fair value of derivative financial instruments classified as and qualifying for recognition as effective hedges of future transactions are recognised in other comprehensive income. The ineffective part is recognised immediately in the income statement. When the hedged transactions are realised, the cumulative changes are recognised as part of the cost of the transactions in question. Derivative financial instruments which do not qualify for hedge accounting are regarded as trading portfolios and measured at fair value with ongoing recognition of fair value adjustments under net financials in the income statement.

Tax
Tax for the year, which comprises current tax for the year and changes in deferred tax, is recognised in the income statement with the portion attributable to the net profit for the year and directly in equity or other comprehensive income with the portion attributable to transactions directly in equity and other comprehensive income, respectively.

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

The tax rates and rules applicable at the balance sheet date are used to calculate the current tax for the year.

Deferred tax is recognised according to the balance sheet liability method on all temporary differences between the carrying amounts and tax bases of assets and liabilities, except for deferred tax on temporary differences arisen either on initial recognition of goodwill or on initial recognition of a transaction which is not a business combination, and where the temporary difference ascertained at the time of initial recognition neither affects the carrying amount nor the taxable income.

Deferred tax is recognised on temporary differences related to equity investments in subsidiaries and associates, unless the parent is able to control when the deferred tax is realised and it is likely that the deferred tax will not crystallise as current tax within a foreseeable future.

The deferred tax is calculated on the basis of the planned use of the individual asset and settlement of the individual liability, respectively.

Deferred tax assets, including the tax value of tax losses carried forward, are recognised in the balance sheet at the value at which the asset is expected to be realised, either as a set-off against deferred tax liabilities or as net tax assets for set-off against future positive taxable incomes. At each balance sheet date, it is estimated whether it is likely that sufficient future taxable income will be generated to utilise the deferred tax asset.

In connection with international trade between the group's subsidiaries, disputes may arise with local tax authorities with respect to compliance with transfer pricing rules. The group management assesses the possible outcome of such disputes, and the most likely outcome is used to calculate the resulting tax liability. Management believes that the provision for uncertain tax positions is sufficient to cover liabilities relating to non-settled disputes with local tax authorities.

The actual liabilities following the resolution of disputes may differ from the amounts provided for, however, depending on the outcome of legal disputes and settlements reached with the tax authorities in question.

Non-current assets held for sale
Non-current assets and groups of assets held for sale are presented separately as current assets in the balance sheet. Liabilities directly related to the assets in question are presented as current liabilities in the balance sheet. Non-current assets held for sale are not depreciated but written down to the lower of fair value less expected selling costs and carrying amount.

Income statement and statement of comprehensive income
Revenue
The group's revenue comprises the sale of meat and meat-related products, primarily within four business areas: Danish Crown, Sokołów, KLS and DAT-Schaub.

The revenue rests on a single performance obligation – delivery of the goods to the customer.

Other notes

Note 30 Accounting policies – continued

Consequently, the entire transaction price rests on this one performance obligation.

Revenue from the sale of goods for resale and finished goods is thus recognised in the income statement when control of the product passes to the customer. The main part of revenue is recognised when the goods are handed over to the carrier. Due to the nature of the products, the volume of returned goods is insignificant.

The revenue recognised is measured at the fair value of the agreed consideration plus export refunds and less VAT, duties and discounts.

Production costs

Production costs comprises costs incurred to generate revenue. Production costs comprise the cost of sales of enterprises engaged in trading, and manufacturing enterprises recognise costs of raw materials, including purchases from cooperative owners, consumables, production staff and maintenance as well as depreciation, amortisation and impairment of property plant and equipment and intangible assets and lease assets recognised under IFRS 16 which are used in the production process. Variable lease payments and low-value lease assets and short-term leases concerning lease assets used in production are also recognised in production costs at the time of payment or on a straight-line basis over the term of the contract. The purchase of slaughter animals from cooperative owners is recognised at the current pig and cattle prices for the year and, consequently, does not include any share of supplementary payments, which is treated as dividend.

Distribution costs

Distribution costs comprise costs incurred for the distribution of goods sold and for sales campaigns, including costs for sales and distribution staff, advertising costs as well as depreciation, amortisation of and impairment of property, plant and equipment and intangible assets and lease assets recognised under IFRS 16, which are used in the distribution process. Variable lease payments and low-value lease assets and short-term leases concerning lease assets used for distribution purposes are also recognised in distribution costs at the time of the payment or on a straight-line basis over the term of the contract.

Administrative expenses

Administrative expenses comprise costs incurred for the management and administration of the group, including costs for administrative staff and management as well as office expenses and depreciation, amortisation and impairment of property, plant and equipment and intangible assets and lease assets recognised under IFRS 16 which are used in the administration of the group. Variable lease payments and low-value lease assets and short-term leases concerning lease assets used for administrative purposes are also recognised in administration expenses at the time of payment or on a straight-line basis over the term of the contract.

Other operating income and expenses

Other operating income and expenses comprise income and expenses of a secondary nature in relation to the group's primary activities.

Government grants

Government grants are recognised when there is reasonable certainty that the conditions for receiving a grant have been met, and the grant will be received.

Government grants received to cover costs incurred are recognised proportionately in the income statement over the periods in which the related costs are recognised in the income statement. The grants are offset against the costs incurred.

Government grants related to an asset are recognised under prepayments in the balance sheet and offset against depreciation over the economic life of the asset when the asset is brought into use. If government grants are received relating to an asset which has been written off, the amount will be recognised at the time of receipt.

Special items

Special items include significant income and expenses of a special nature in relation to the group's activities, such as basic structural adjustments as well as any related gains and losses on disposals. Special items also include other significant non-recurring amounts, for example accounting profit in connection with the assumption of control of a group company.

Net financials

Net financials comprise interest income and expenses, the interest element of lease payments, realised and unrealised capital gains and losses on securities, liabilities and transactions in foreign currencies, amortisation premiums/deductions concerning mortgage debt etc. as well as surcharges and allowances under the Danish Tax Prepayment Scheme ("acontoskatteordningen").

Interest income and interest expenses are accrued on the basis of the principal amount and the effective rate of interest. The effective rate of interest is the discount rate used to discount the expected future payments related to the financial asset or the financial liability in order for the present value of these to correspond to the carrying amount of the asset and the liability, respectively.

Dividend from equity investments is recognised when a definitive right to the dividend has been obtained. This typically takes place when the general meeting approves the distribution of dividend from the company concerned.

Balance sheet

Goodwill

On initial recognition, goodwill is recognised and measured as the excess of the cost of the business acquired, the value of non-controlling interests in the business acquired and the fair value of previously acquired equity investments over the fair value of the assets, liabilities and contingent liabilities acquired, as described in the consolidated financial statements section.

On recognition of goodwill, the goodwill amount is distributed among those of the group's activities that generate incoming cash flows (cash-generating units). The determination of cash-generating units follows the management structure and intra-group financial management and reporting in the group. Goodwill is not amortised, but is tested for impairment at least once a year as described in the section about write-down.

Other intangible assets

Intellectual property rights acquired in the form of patents and licences are measured at cost less accumulated amortisation and impairment. Patents are amortised on a straight-line basis over the remaining term of patent, and licences are amortised over the term of agreement. If the actual useful life is shorter than the term of patent or term of agreement, respectively, the asset is amortised over the shorter useful life.

Amortisation is calculated on a straight-line basis based on the following assessment of the expected useful lives of the assets:

Software
5 years

Acquired trademarks
10-20 years

Intellectual property rights acquired are written down to the lower recoverable amount, if relevant, as described in the section on impairment below.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

Cost comprises the acquisition price, costs directly related to the acquisition and the costs of preparing the asset up until such time as the asset is ready for use. For assets constructed in-house, cost comprises costs directly attributable to the construction of the asset, including materials, components, sub-suppliers and wages and salaries.

Interest expenses on loans for financing the construction of property, plant and equipment are included in cost if they relate to the construction

Other notes

Note 30 Accounting policies – continued

period. Other borrowing costs are recognised in the income statement.

If the acquisition or use of the asset requires the group to incur costs for the demolition or reestablishment of the asset, the estimated costs of such measures are recognised as a provision and a part of the cost of the asset concerned, respectively.

The basis of depreciation is the cost of the asset less the residual value. The residual value is the amount expected to be obtained if the asset was sold today less selling costs if the asset already had the age and was in the condition that the asset is expected to be in at the end of its useful life. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is calculated on a straight-line basis based on the following assessment of the expected useful lives of the assets:

Land
is not depreciated

Buildings
20-40 years

Special installations
10-20 years

Plant and machinery
5-10 years

Other fixtures and fittings, tools and equipment
3-5 years

Depreciation methods, useful lives and residual values are subject to an annual reassessment.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount as described in the section on impairment below.

Lease assets
The group leases various assets, including buildings and warehouses, retail premises, lorries, trucks and cars, etc. No leases have been made for investment purposes.

Lease assets are recognised at the commencement of the lease, which is the date on which the asset is brought into use.

The lease asset is recognised at cost corresponding to the present value of the calculated lease liability adjusted for direct costs at inception of the lease and expected re-establishment costs on expiry and lease payments made before the asset was brought into use. Lease assets are depreciated on a straight-line basis over the shorter of the term of the lease and the expected useful life of the asset and are subsequently measured at cost less accumulated depreciation and impairment. Leases have different terms to maturity, conditions, covenants and options. The maturity is determined with due consideration to all factors that would be either to the favour or disfavour of exercising an extension or termination option. Extension or termination options are only included in the term to maturity when it is deemed highly probable that these options are expected to be exercised.

The expected useful lives of lease assets are as follows:

Buildings
20-40 years

Plant and machinery
5-10 years

Other fixtures and fittings, tools and equipment
3-5 years

Impairment of property, plant and equipment and intangible assets
The carrying amounts of property, plant and equipment and intangible assets with definite useful lives are reviewed at the balance sheet date to determine if there are any indications of impairment. If this is the case, the recoverable amount of the asset is calculated to determine whether the asset should be written down and, if so, the amount of the impairment loss.

The recoverable amount of goodwill is calculated annually, whether there are any indications of impairment or not.

If the asset does not generate cash flows independently of other assets, the recoverable amount is calculated for the smallest cash-generating unit in which the asset is included.

The recoverable amount of the asset or cash-generating unit is calculated as the higher of its fair value less selling costs and its value in use. When determining value in use, estimated future cash flows are discounted to present value applying a discount rate which reflects the current market assessments of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset or cash-generating unit is lower than the carrying amount, the carrying amount is written down to the recoverable amount. For cash-generating units, any goodwill amounts are written down first, and any remaining impairment loss is allocated to the other assets in the unit, provided that no individual asset is written down to a value lower than its fair value less expected selling costs.

Impairment losses are recognised in profit or loss. In any subsequent reversal of impairment losses resulting from changes in the assumptions used to determine the asset's recoverable amount, the carrying amount of the asset or cash-generating unit is increased to the revalued recoverable amount, but not exceeding the carrying amount which the asset or cash-generating unit would have had, had no impairment loss been recognised. Impairment of goodwill is not reversed.

Equity investments in associates and joint ventures
Equity investments in associates and joint ventures are recognised and measured according to the equity method. This means that equity investments are measured at the proportionate share of the enterprises' equity value, calculated according to the group's accounting policies less or plus proportionate intra-group gains and losses and plus the carrying amount of goodwill.

The proportionate share of the enterprises' net financial results and elimination of unrealised proportionate intra-group gains and losses and less any impairment of goodwill is recognised in the income statement. The proportionate share of all transactions and events recognised in other comprehensive income in the associate is recognised in the other comprehensive income of the group.

Equity investments in associates and joint ventures with negative carrying amounts are measured at DKK 0. Receivables and other non-current financial assets which are regarded as part of the overall investment in the associate are written down by any remaining negative equity value. Trade receivables and other receivables are written down only if they are deemed to be irrecoverable.

A provision is recognised to cover the remaining negative equity value only if the group has a legal or constructive obligation to cover the liabilities of the enterprise in question.

The purchase method is used for the acquisition of equity investments in associates and joint ventures, as described in the above section on mergers of companies.

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

The cost of goods for resale, raw materials and consumables comprises the purchase price plus cost of transporting the goods to the place of

Other notes

Note 30 Accounting policies – continued

business. The cost of manufactured goods and semi-manufactured goods comprises costs of raw materials, consumables and direct labour costs as well as fixed and variable production overheads.

Variable production overheads comprise indirect materials and labour and are distributed on the basis of estimates of the goods actually produced.

Fixed production overheads comprise costs relating to maintenance and depreciation of the machinery, factory buildings and equipment used in the production process as well as general costs for factory administration and management. Fixed production costs are distributed on the basis of the normal capacity of the technical plant.

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

Biological assets
Biological assets, which for Danish Crown means live animals, are measured at fair value if there is an active market, less expected selling costs or cost. Animals producing slaughter animals (sows, boars etc.) are measured at cost less costs relating to the impairment that arises due to the aging of the animals. As animals producing animals for slaughter are not traded, they have no market price.

Receivables
Receivables comprise trade receivables and other receivables.

On initial recognition, receivables are measured at fair value and subsequently at amortised cost, which usually corresponds to nominal value less write-downs for bad debts. Write-downs for bad debts are determined on the basis of the simplified expected credit loss model, according to which the expected credit loss over the lifetime of the asset is recognised immediately in the income statement based on a historical loss rate. To this is added any additional write-downs based on knowledge of the underlying customer relations and general market conditions.

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

Other securities and equity investments
Other securities and equity investments recognised under current assets mainly comprise listed bonds and equity investments, which are measured at fair value (market price) at the balance sheet date. Changes in fair value are recognised in the income statement under net financials.

Supplementary payment
Supplementary payments are recognised as a liability at the time of adoption at the meeting of the Board of Representatives.

Pension obligations etc.
Under the defined contribution plans, the company makes regular, defined contributions to independent pension companies and the like. The contributions are recognised in the income statement in the period in which the employees have performed the work entitling them to the pension contribution. Payments due are recognised in the balance sheet as a liability.

Under the defined benefit plans, the group is required to pay a defined benefit in connection with the comprised employees retiring, for example a fixed amount or a percentage of their final pay.

Under defined benefit plans, the net present value of vested future benefits to which the employees are entitled through past service to the group, and which will become payable under the plan, is determined annually using an actuarial valuation method. The projected unit credit method is used to determine the net present value. Net present value is calculated on the basis of market assumptions of the future development in pay levels, interest rates, inflation, mortality and disability, among other things.

The net present value of pension obligations less the fair value of any plan assets is recognised in the balance sheet under pension assets and pension obligations, respectively, depending on whether the net amount constitutes an asset or a liability, see below.

In the event of changes in the assumptions concerning the discount rate, inflation, mortality and disability or differences between the expected and realised return on plan assets, actuarial gains or losses will occur. Such gains and losses are recognised in other comprehensive income.

If the pension plan constitutes a net asset, the asset is recognised only if it equals the present value of any repayments from the plan or reductions in future contributions to the plan.

In the event of changes in the benefits that concern the employees' services in prior periods, a change will occur in the actuarially calculated net present value, which is regarded as past service cost. If the comprised employees are already entitled to the changed benefit, the change is recognised immediately in the income statement. If not, the change is recognised in the income statement over the period in which the changed benefits vest.

Other provisions
Other provisions are recognised when the group has a legal or constructive obligation resulting from events in the financial year or previous years, and it is likely that settling the obligation will result in an outflow of the group's financial resources.

Provisions are measured as the best estimate of the costs required to settle the obligations at the balance sheet date.

Provisions that are expected to be used more than a year after the balance sheet date are measured at present value.

For goods sold that are subject to a right of return, provisions are made to cover the profit on those goods which are expected to be returned and any costs relating to the returns. For planned restructurings of the group's activities, provisions are made only for liabilities concerning restructurings which had been decided at the balance sheet date.

Mortgage and bond debt
Mortgage and bond debt is measured at fair value at the time of borrowing less any transaction costs. Mortgage and bond debt is subsequently measured at amortised cost. This means that the difference between the proceeds from the borrowing and the amount which must be repaid is recognised in the income statement over the term of the loan as a financial expense using the effective interest method.

Lease liabilities
Lease liabilities are recognised at the commencement of the lease, which is the date on which the asset is brought into use.

On initial recognition of the lease liability, future cash flows are discounted using an interest rate reflecting the lease asset's category, currency in the contract and the risk assessment of the cash-generating unit which has leased the asset. Future cash flows include both fixed payments and indexed payments. If it is deemed highly probable that options on extension, termination or buyout will be exercised, such options are taken into account. Variable lease payments are recognised in profit or loss in the period to which they relate and are not included in the lease liability.

Leases have different terms to maturity, conditions, covenants and options. The maturity is determined with due consideration to all factors that would be either to the favour or disfavour of exercising an extension or termination option. Extension or termination options are only included in the term to maturity when it is deemed highly probable that these options are expected to be exercised.

Other notes

Note 30 Accounting policies – continued

For all types of leases which are composite contracts with e.g. an associated service or maintenance contract, this contract will be accounted for separately and will not form a part of the lease liability.

On subsequent recognition, a lease liability is measured at amortised cost.

Residual value guarantees or re-establishment/dismantling obligations are recognised as provisions.

All lease liabilities are considered on an ongoing basis with a view to determining whether reassessments should be made due to changes in underlying assumptions.

Other financial liabilities
Other financial liabilities comprise subordinated loans, bank debt, trade payables and other payables to public authorities etc.

On initial recognition, other financial liabilities are measured at fair value less any transaction costs.

The liabilities are subsequently measured at amortised cost using the effective interest method so that the difference between the proceeds and the nominal value is recognised as a financial expense in the income statement over the loan period.

Deferred income
Deferred income is income received for subsequent financial years and government grants received in respect of assets recognised over their useful lives. Deferred income is measured at cost.

Cash flow statement
The cash flow statement shows cash flows concerning operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

The effect on cash flow of acquisition and divestment of businesses is recognised separately under cash flows from investing activities. In the cash flow statement, cash flows relating to acquired businesses are recognised as from the date of acquisition, and cash flows relating to divested businesses are recognised until the date of divestment.

Cash flows from operating activities are presented according to the indirect method and are calculated as the operating profit or loss adjusted for non-cash operating items, changes in working capital as well as financial income, financial expenses and income taxes paid.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of businesses and financial assets as well as the purchase, development, improvement and sale etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes to the parent's capital and costs relating thereto as well as the raising and repayment of loans, repayment of interest-bearing debt and disbursement of supplementary payments. Cash flows from assets held under leases in the form of lease payments made are also recognised.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less any overdrafts that form an integral part of the cash management.

Segment information
The group is not listed on the stock exchange, and no segment information is disclosed according to IFRS.

In note 2, information is provided on revenue in Denmark and internationally and by business areas, markets and sales channels. However, this does not represent segment information in accordance with IFRS 8.

Definition of ratios

EBIT %	=	Operating profit before special items / Revenue
ROAIC	=	Operating profit before special items (EBIT) / Average invested capital
Solvency ratio	=	Equity / Total assets
Financial gearing	=	Net interest-bearing debt / Profit/loss before depreciation, amortisation, impairment losses, interest, tax and special items (EBITDA)
Interest cover	=	EBITDA ÷ result related to non-controlling interests / Interest expenses ÷ interest income

Parent financial statements

The plate shows a Danish beef striploin steak served with chanterelles, new onion, potatoes, berries and a red wine reduction.

From 'Guldrummet', which is our special storage room for high-quality cuts, we supply meat from oxen, calves and pigs to restaurants across Denmark. We believe meat still deserves a space on the plate and that we can all make a difference by eating less but higher quality meat.

Income statement

1 October – 30 September

DKKm	Note	Parent 2021/22	Parent 2020/21
Revenue	1	15,187	14,939
Production costs		-14,136	-13,881
Gross profit		**1,051**	**1,058**
Administrative expenses	2	-40	-55
Operating profit (EBIT)		**1,011**	**1,003**
Income from equity investments in group enterprises	5	794	832
Income from equity investments in associates	5	0	0
Financial income	3	181	193
Financial expenses		-3	-2
Profit before tax		**1,983**	**2,026**
Tax on profit for the year	4	-17	-13
Profit for the year		**1,966**	**2,013**

Proposed distribution of profit

DKKm	2021/22
Profit for the year	1,966
Total amount available for distribution	**1,966**
To be distributed as follows:	
Transferred to proposed supplementary payments for the year	
Pig suppliers 1,151,667,744 kg of DKK 1.30	1,497
Sow suppliers 49,329,229 kg of DKK 1.10	54
Cattle suppliers 67,186,626 kg of DKK 1.35	91
Supplementary payments from the year's operations	**1,642**
Return on cooperative owner's accounts in accordance with article 22.2 d of the articles of association	
Pig suppliers	20
Sow suppliers	1
Cattle suppliers	2
Total return on cooperative owner's accounts	**23**
Total proposed disbursement	**1,665**
Transferred to equity	
Transferred to owner's accounts	214
Transferred to other reserves	87
Transferred to equity, total	**301**
Available for distribution, total	**1,966**

Balance sheet – assets
30 September

DKKm	Note	Parent 30.09.2022	Parent 30.09.2021
Non-current assets			
Intangible assets			
Software	6	3	5
Total intangible assets		**3**	**5**
Financial assets			
Equity investments in group enterprises		4,004	3,395
Receivables from group enterprises		2,500	2,500
Equity investments in participating interests		19	19
Total financial assets	5	**6,523**	**5,914**
Total non-current assets		**6,526**	**5,919**
Current assets			
Receivables			
Receivables from and prepayments to cooperative owners		309	233
Receivables from group enterprises		132	180
Total receivables		**441**	**413**
Cash	8	**68**	**756**
Total current assets		**509**	**1,169**
Total assets		**7,035**	**7,088**

Balance sheet – equity and liabilities
30 September

DKKm	Note	Parent 30.09.2022	Parent 30.09.2021
Equity			
Cooperative owner's accounts		1,108	1,296
Owner's accounts		895	692
Reserve for net revaluation of equity		1,229	397
Other reserves		1,716	2,646
Proposed supplementary payment for the year		1,665	1,672
Total equity		**6,613**	**6,703**
Provisions			
Other provisions	7	24	24
Total provisions		**24**	**24**
Current liabilities			
Trade payables		335	298
Payables to group enterprises		45	49
Income tax payable		18	11
Other payables		0	3
Total current liabilities		**398**	**361**
Total liabilities		**398**	**361**
Total equity and liabilities		**7,035**	**7,088**

Statement of changes in equity
30 September

	Parent					
DKKm	Cooperative owner's accounts	Owner's accounts	Reserve for net revaluation of equity	Other reserves	Proposed supplementary payments etc. for the year	Total
Equity at 30 September 2020	**1,380**	**462**	**299**	**2,753**	**1,618**	**6,512**
Payments and disbursements for the year	-84	-12	0	0	-1,618	-1,714
Foreign currency translation adjustment, foreign enterprises	0	0	10	0	0	10
Other adjustments	0	0	30	-148	0	-118
Profit for the year	0	242	0	99	1,672	2,013
Transfer	0	0	58	-58	0	0
Equity at 30 September 2021	**1,296**	**692**	**397**	**2,646**	**1,672**	**6,703**
Payments and disbursements for the year	-188	-11	0	0	-1,672	-1,871
Foreign currency translation adjustment, foreign enterprises	0	0	21	0	0	21
Other adjustments	0	0	17	-223	0	-206
Profit for the year	0	214	0	87	1,665	1,966
Transfer	0	0	794	-794	0	0
Equity at 30 September 2022	**1,108**	**895**	**1,229**	**1,716**	**1,665**	**6,613**

Notes | parent

Income statement

Note 1 Revenue

DKKm	2021/22	2020/21
Distribution by market:		
Denmark	15,187	14,939
	15,187	**14,939**
Distribution by sector:		
Pigs and sows	13,166	13,481
Cattle	2,021	1,458
	15,187	**14,939**

Note 2 Staff costs

DKKm	2021/22	2020/21
Salaries and wages	34	31
Pensions	2	2
Other social security costs	1	1
	37	**34**
Staff costs are distributed as follows:		
Administrative expenses	37	34
	37	**34**
Of which:		
Remuneration for the parent's Board of Directors	5	4
Remuneration for the parent's Board of Representatives	1	1
Remuneration for the parent's Executive Board	0	0
	6	**5**
Average no. of employees	53	50

Note 3 Financial income

DKKm	2021/22	2020/21
Group enterprises	174	190
Other interest	7	3
	181	**193**

Note 4 Tax on profit for the year

DKKm	2021/22	2020/21
Calculated tax on profit for the year	17	13
	17	**13**

Tax on profit for the year is calculated on the basis of the cooperative taxation, which is based on the company's net assets and not its income.

Most of the company's profit is paid to the cooperative owners in the form of supplementary payments, which is subject to taxation for the individual cooperative owner.

Invested capital

Note 5 Financial assets

DKKm	Equity investments in group enterprises	Receivables from group enterprises	Equity investments in participating interests	Total financial assets
Cost at 01.10.2021	5,158	2,500	0	7,658
Foreign currency translation adjustments	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Cost at 30.09.2022	**5,158**	**2,500**	**0**	**7,658**
Value adjustment at 01.10.2021	-1,763	0	19	-1,744
Foreign currency translation adjustments	21	0	0	21
Share of net profit	794	0	0	794
Distribution during the year	0	0	0	0
Disposals	0	0	0	0
Other adjustments	-206	0	0	-206
Value adjustment at 30.09.2022	**-1,154**	**0**	**19**	**-1,135**
Carrying amount at 30.09.2022	**4,004**	**2,500**	**19**	**6,523**
Cost at 01.10.2020	5,158	3,150	0	8,308
Foreign currency translation adjustments	0	0	0	0
Additions	0	0	0	0
Disposals	0	-650	0	-650
Cost at 30.09.2021	**5,158**	**2,500**	**0**	**7,658**
Value adjustment at 01.10.2020	-1,712	0	19	-1,693
Foreign currency translation adjustments	10	0	0	10
Share of net profit	832	0	0	832
Distribution during the year	-775	0	0	-775
Disposals	0	0	0	0
Other adjustments	-118	0	0	-118
Value adjustment at 30.09.2021	**-1,763**	**0**	**19**	**-1,744**
Carrying amount at 30.09.2021	**3,395**	**2,500**	**19**	**5,914**

An overview of subsidiaries and associates appears from the group structure on page 87.

Note 6 Intangible assets

DKKm	Software
Cost at 01.10.2021	10
Additions	0
Cost at 30.09.2022	**10**
Amortisation and impairment at 01.10.2021	5
Amortisation for the year	2
Amortisation and impairment at 30.09.2022	**7**
Carrying amount at 30.09.2022	**3**
Cost at 01.10.2020	10
Additions	0
Cost at 30.09.2021	**10**
Amortisation and impairment at 01.10.2020	4
Amortisation for the year	1
Amortisation and impairment at 30.09.2021	**5**
Carrying amount at 30.09.2021	**5**

Note 7 Other provisions

DKKm	30.09.2022	30.09.2021
Other provisions at 01.10.	24	24
Utilised during the year	0	0
Other provisions at 30.09	**24**	**24**

Other provisions comprise a provision made in respect of a foreign lawsuit. The provision is deemed to cover the company's risk in this regard and is expected to be settled within 1-5 years.

Other notes

Note 8 Cash and bank debt

The company is included in a cash pool arrangement with other consolidated companies with the group's bank.

Note 9 Contingent liabilities etc.

DKKm	30.09.2022	30.09.2021
Guarantees to group enterprises, maximum	14,946	14,467
Guarantees to group enterprises, utilised	12,985	9,905

Note 10 Liabilities of cooperative owners

	30.09.2022	30.09.2021
The cooperative owners are personally, jointly and severally liable for the liabilities of the parent. The liability of each cooperative owner is calculated on the basis of the deliveries made by such owner and cannot exceed DKK 25,000.		
No. of cooperative owners	5,404	5,620
DKKm		
Total liability	135	141

Note 11 Related parties

Associates and members of the Board of Directors and the Executive Board of Leverandørselskabet Danish Crown AmbA are regarded as related parties.

Since the company is a cooperative, supplies have been received from cooperative owners, including from members of the Board of Directors.

Note 12 Accounting policies

The financial statements of the parent Leverandørselskabet Danish Crown AmbA are presented in accordance with the provisions of the Danish Financial Statements Act (årsregnskabsloven) concerning reporting class C enterprises (large).

The parent financial statements are presented in Danish kroner (DKK), rounded to the nearest million kroner.

The accounting policies are unchanged from last year.

In accordance with the specification issued by the Danish Business Authority in May 2021, items relating to investments in associates have been renamed investment in participating interests as the items must be so designated when the business only holds investments in associates.

The parent generally applies the same accounting policies for recognition and measurement as the group. Where the parent's accounting policies deviate from those of the group, the policies are described below.

Intra-group business transfers
In connection with intra-group business transfers, the pooling-of-interest method is used, according to which assets and liabilities are transferred at the carrying amounts at the beginning of the financial year. The difference between the consideration paid and the carrying amount of the transferred assets and liabilities is recognised in the equity of the acquiring enterprise.

Comparative figures are restated to reflect the enterprises as if they had been combined for the entire period during which they have been under joint control.

Tax
Tax for the year is calculated on the basis of the cooperative taxation, which is based on the company's assets.

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

The tax rates and rules applicable at the balance sheet date are used to calculate the current tax for the year.

Intangible assets
Goodwill/ goodwill on acquisition is generally amortised over a period of 5 to 10 years; however the amortisation period may in certain cases be up to 20 years for strategically acquired businesses with a strong market position and a long-term earnings profile if the longer period of amortisation is considered to better reflect the benefit from the relevant resources. Goodwill is not amortised in the consolidated financial statements under IFRS.

Property, plant and equipment
For assets constructed in-house, cost comprises direct and indirect costs relating to materials, components, sub-suppliers and labour. Under IFRS, indirect costs may not be recognised for assets constructed in-house.

Property, plant and equipment is depreciated on a straight-line basis over the useful lives of the assets to the expected residual value. According to the provisions of IFRS, the residual value must be reassessed on an annual basis. In the financial statements of the parent, the residual value is determined on the date of entry into service and is generally not subsequently adjusted.

Equity investments in group enterprises and participating interests
Equity investments in group enterprises and participating interests are measured according to the equity method.

The parent's share of the profits or losses of the enterprises is recognised in the income statement after elimination of unrealised intra-group profits and losses minus or plus amortisation of positive or negative goodwill on acquisition.

Net revaluation of equity investments in group enterprises and participating interests is taken to reserve for net revaluation of equity investments if the carrying amount exceeds cost.

Cash flow statement
The consolidated financial statements contain a cash flow statement for the group as a whole, and a separate statement for the parent is therefore not included as per the exemption clause in Section 86 of the Danish Financial Statements Act.

Management's statement and auditor's report

Statement by the Board of Directors and the Executive Board on the annual report

The Board of Directors and the Executive Board have today considered and adopted the annual report of Leverandørselskabet Danish Crown AmbA for the financial year 1 October 2021 - 30 September 2022.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and the disclosure requirements contained in the Danish Financial Statements Act. The management's review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent's financial statements give a true and fair view of the group's and the company's assets, liabilities and financial position at 30 September 2022 and of the results of the group's and the company's activities and the group's cash flows for the financial year 1 October 2021 - 30 September 2022.

We believe that the management's review contains a fair review of the development in the group's and the company's activities and financial affairs, net profit for the year, the company's financial position and the financial position as a whole of the enterprises included in the consolidated financial statements as well as a description of the most important risks and uncertainties facing the group and the company.

We recommend the annual report for adoption by the Board of Representatives.

Randers, 21 November 2022

Executive Board

Jais Valeur
Group CEO

Thomas Ahle
Group CFO

Tim Ørting Jørgensen
Group EVP

Board of Directors

Erik Bredholt
Chairman

Asger Krogsgaard
Vice Chairman

Peter Fallesen Ravn
Member of the Board of Directors

Palle Joest Andersen
Member of the Board of Directors

Søren Bonde
Member of the Board of Directors

Knud Jørgen Lei
Member of the Board of Directors

Karsten Willumsen
Member of the Board of Directors

Ulrik Bremholm
Member of the Board of Directors

Michael Nielsen
Member of the Board of Directors

Thomas Kjær
Member of the Board of Directors

Management's statement and auditor's report

Independent auditor's report

To the cooperative owners of Leverandørselskabet Danish Crown AmbA

Opinion
In our opinion, the consolidated financial statements give a true and fair view of the group's financial position at 30 September 2022 and of the results of the group's operations and cash flows for the financial year 1 October 2021 to 30 September 2022 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the parent company financial statements give a true and fair view of the parent company's financial position at 30 September 2022 and of the results of the parent company's operations for the financial year 1 October 2021 to 30 September 2022 in accordance with the Danish Financial Statements Act.

We have audited the consolidated financial statements and the parent company financial statements of Leverandørselskabet Danish Crown AmbA for the financial year 1 October 2021 - 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the group and the parent company, as well as statement of comprehensive income and cash flow statement for the group ("financial statements").

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 group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on management's review
Management is responsible for management's review.

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

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

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

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

Management's responsibilities for the financial statements
Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of parent company 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 group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless management either intends to liquidate the group or the parent 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 group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the parent 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Aarhus, 21 November 2022

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Claus Lindholm Jacobsen
State Authorised Public Accountant
mne23328

Rune Kjeldsen
State Authorised Public Accountant
mne34160

Group structure

Company name		Direct ownership interest in %
Leverandørselskabet Danish Crown AmbA	**DK**	
Danish Crown A/S	**DK**	**100**
Danish Crown Foods A/S	**DK**	**100**
Slagter Munch ApS	DK	100
In Foods ApS	DK	100
Danish Crown Foods Norway AS	NO	100
Danish Crown Foods Germany GmbH **)	DE	100
Danish Crown Foods Oldenburg GmbH **)	DE	100
Danish Crown Foods Sweden AB	SE	100
Pölsemannen AB	SE	100
Danish Crown Foods Italy S.r.L.	IT	100
Danish Crown Foods Netherlands B.V.	NL	100
Danish Crown Foods Haarlem B.V.	NL	100
ESS-FOOD A/S	**DK**	**100**
ESS-FOOD Brazil Servicos de Consultoria Ltda	BR	100
Overberg Food Distributors Proprietary Limited	ZA	100
ESSFU Food (Shanghai) Company Limited	CN	80
Danish Crown Holding GmbH **)	**DE**	**100**
Danish Crown GmbH *), **)	DE	90
Danish Crown Fleisch GmbH **)	DE	100
Danish Crown Schlachtzentrum Nordfriesland GmbH *), **)	DE	90
Danish Crown Teterower Fleisch GmbH **)	DE	100
SPF-Danmark GmbH **)	DE	100
WestCrown GmbH	DE	50
Friland A/S	DK	**100**
Friland Udviklingscenter ApS	DK	100
Center for Frilandsdyr K/S *)	DK	2
Center for Frilandsdyr K/S *)	DK	48
Friland Deutschland GmbH **)	DE	100
DAT-Schaub A/S	**DK**	**100**
DAT-SCHAUB Portugal, Indústria Alimentar, Lda	PT	100
DAT-Schaub France S.A.S.	FR	100

Company name		Direct ownership interest in %
DAT-Schaub Finland Oy	FI	100
Thomeko Eesti OÜ	EE	100
DAT-Schaub AB	SE	100
DAT-Schaub (Deutschland) GmbH	DE	100
Gerhard Küpers GmbH	DE	100
DIF Organveredlung Gerhard Küpers GmbH & Co. KG ***)	DE	100
CKW Pharma-Extrakt Beteili-gungs- und Verwaltungs GmbH	DE	50
CKW Pharma-Extrakt GmbH & Co.KG ***)	DE	50
DAT-Schaub Holdings USA Inc.	US	100
DCW Casing LLC	US	100
DAT-Schaub Polska Sp. z o.o.	PL	100
DAT-Schaub (UK) Ltd	UK	100
Oriental Sino Limited	HK	45
Yancheng Lianyi Casing Products Co. Ltd	CN	73
Jiangsu Chongan Plastic Manufacturing Co. Ltd	CN	59
Yili Lianyi Casing Products Company Limited	CN	100
Yancheng Xinyu Food Products Ltd	CN	73
Yancheng Huawei Food Products Ltd	CN	73
DAT-Schaub Spain Holding S.L.U.	ES	100
Vicente Gallent S.L.U.	ES	100
DAT-Schaub Gallent S.L.U.	ES	100
Procesadora Insuban Spa.	CL	100
Elaboradora de Subprodutos de Origem Animal do Brasil Ltda.	BR	100
BRC Tripas - Comercio de Tripas Ltda.	BR	100
Tripas de Colombia S.A.S.	CO	100
DAT-Schaub Spain S.L.U.	ES	100
CasCom Srl	IT	49
DAT-Schaub Norge AS	NO	100
Shanghai Natural Casing Co., Ltd	CN	51
Sokołów S.A.	**PL**	**100**
Sokołów-Logistyka Sp. Z o.o.	PL	100
Agro Sokołów Sp. Z o.o.	PL	100
Sokołów-Services Sp. Z o.o.	PL	100
Agro Sokołów F1 Sp. Z o.o.	PL	100
Sokołów Net Sp. Z o.o.	PL	100

Company name		Direct ownership interest in %
KLS Ugglarps AB	**SE**	**100**
Charkprodukter i Billesholm AB	SE	100
Ingemar Johansson i Sverige AB	SE	100
Charkuterifabriken Sverige AB	SE	100
Other subsidiaries in Danish Crown A/S		
Scan-Hide A/S	**DK**	**97**
Scan-Hide Sweden AB	SE	100
KHI Fastighets AB	SE	100
DC Pork Rønne ApS	**DK**	**100**
SPF-Danmark A/S	**DK**	**100**
Kolding Export Center A/S	DK	51
Danish Crown USA Inc.	**US**	**100**
Danish Crown UK Limited	**UK**	**100**
Leivers Brothers Ltd	UK	100
Tulip International (UK) Ltd	**UK**	**100**
Danish Crown GmbH *), **)	**DE**	**10**
Danish Crown Schlachtzentrum Nordfriesland GmbH *), **)	**DE**	**10**
Danish Crown GBS Sp.Z.o.o.	**PL**	**100**
Danish Crown S.A.	**CH**	**100**
Danish Crown/Beef Division S.A.	**CH**	**100**
Danish Crown España S.A.	**ES**	**100**
Danish Crown France S.A.S.	**FR**	**100**
Danish Crown Division Porc S.A.S.	FR	100
Danish Crown Japan Co., Ltd	**JP**	**100**
Danish Crown B2B Ltd	**HK**	**100**
Danish Crown (Shanghai) Trading Co. Ltd	CN	100
Danish Crown Korea LLC	**KR**	**100**
Danish Crown (China) Co. Ltd	**CN**	**100**
Danish Crown Food (China) Co. Ltd. Shanghai Branch	CN	100
Danish Crown Foods Jönköping AB	**SE**	**100**
Other associates		
Daka Denmark A/S	DK	43
Agri-Norcold A/S	DK	43
Danske Slagterier ◊)	DK	92
Svineslagteriernes Varemærkeselskab ApS ◊)	DK	92

*) Appears several times in the group structure.

**) These enterprises have exercised their right of exemption under Section 264(3) of the German Handelsgesetzbuch (HGB). The consolidated financial statements are published in Deutsche Bundesanzeiger.

**) These enterprises have exercised their right of exemption under Section 264b of the German Handelsgesetzbuch (HGB). The consolidated financial statements are published in Deutsche Bundesanzeiger.

◊) Due to provisions of the articles of association requiring important decisions to be unanimous, the group does not exercise control despite an ownership interest of more than 50 per cent.

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