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# ***F. Uhrenholt Holding A/S***

Teglårdsparken 106, DK-5500 Middelfart

## **Annual Report for 1 January - 31 December 2022**

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CVR No 26 75 15 78

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
20/3 2023

Jørgen Buhl Rasmussen  
Chairman of the General  
Meeting

# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company Information	5
Group Chart	6
Financial Highlights	7
Management's Review	8
<b>Consolidated and Parent Company Financial Statements</b>	
Income Statement 1 January - 31 December	10
Balance Sheet 31 December	11
Statement of Changes in Equity	14
Cash Flow Statement 1 January - 31 December	15
Notes to the Financial Statements	16

# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of F. Uhrenholt Holding A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Middelfart, 20 March 2023

## Executive Board

Sune Uhrenholt  
CEO

Klaus Michael Vestergaard  
CFO

## Board of Directors

Jørgen Buhl Rasmussen  
Chairman

Karen-Marie Katholm  
Deputy Chairman

Uffe Uhrenholt

Christian Vinther Christensen

Anders Tormod Skole-Sørensen

# Independent Auditor's Report

To the Shareholder of F. Uhrenholt Holding A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of F. Uhrenholt Holding A/S for the financial year 1 January - 31 December 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 consolidated statement of cash flows ("the 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 Financials 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 Statements Act. We did not identify any material misstatement in Management's Review.

# Independent Auditor's Report

## **Management's responsibilities for the Financial Statements**

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control 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 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 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group'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 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

## Independent Auditor's Report

may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- 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.

Odense, 20 March 2023

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Line Hedam  
State Authorized Public Accountant  
mne27768

Anders Kronborg Choy  
State Authorized Public Accountant  
mne44142

## **Company Information**

### **The Company**

F. Uhrenholt Holding A/S  
Teglårdsparken 106  
DK-5500 Middelfart

Telephone: + 45 64414041  
Facsimile: + 45 64212126  
Website: [www.uhrenholt.com](http://www.uhrenholt.com)

CVR No: 26 75 15 78  
Financial period: 1 January - 31 December  
Municipality of reg. office: Middelfart

### **Board of Directors**

Jørgen Buhl Rasmussen, Chairman  
Karen-Marie Katholm  
Uffe Uhrenholt  
Christian Vinther Christensen  
Anders Tormod Skole-Sørensen

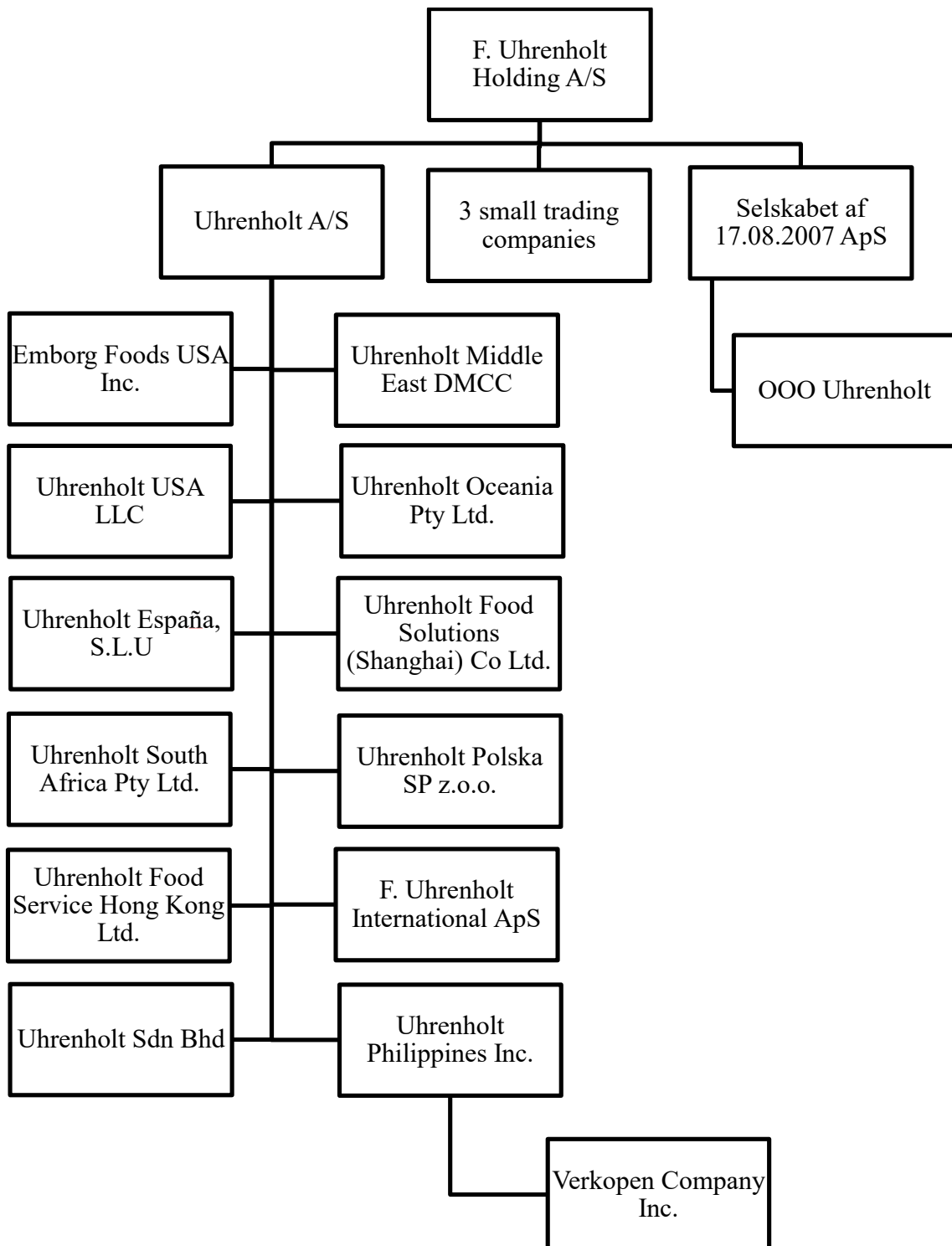
### **Executive Board**

Sune Uhrenholt  
Klaus Michael Vestergaard

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Munkebjergvænget 1, 3. og 4. sal  
DK-5230 Odense M

## Group Chart





# Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	<b>Group</b>				
	2022 kDKK	2021 kDKK	2020 kDKK	2019 kDKK	2018 kDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	2.971.683	2.431.953	2.245.331	2.296.254	2.321.233
Gross profit/loss	258.064	233.520	222.025	169.667	184.903
Profit/loss before financial income and expenses	91.625	71.219	71.650	20.298	32.395
Net financials	-16.032	851	-4.159	-18.195	-23.287
Profit/loss from continuing activities	58.618	53.547	50.116	-2.028	4.959
Profit/loss from discontinuing activities	0	0	0	-29.920	-51.532
Net profit/loss for the year	58.618	53.547	50.117	-31.948	-46.573
<b>Balance sheet</b>					
Balance sheet total	592.124	543.228	512.987	529.418	637.548
Equity	168.522	106.801	56.201	5.737	8.281
<b>Cash flows</b>					
Cash flows from:					
- operating activities	8.284	58.059	158.453	-40.088	-32.150
- investing activities	-6.568	-5.382	-4.274	-4.520	-4.829
including investment in property, plant and equipment	-1.291	-3.395	-1.699	-2.056	-4.126
- financing activities	-2.257	-47.532	-169.244	55.766	-57.995
Change in cash and cash equivalents for the year	-541	5.145	-15.065	11.158	-94.974
Number of employees	240	229	220	415	441
<b>Ratios</b>					
Gross margin	8,7%	9,6%	9,9%	7,4%	8,0%
Profit margin	3,1%	2,9%	3,2%	0,9%	1,4%
Return on assets	15,5%	13,1%	14,0%	3,8%	5,1%
Solvency ratio	28,5%	19,7%	11,0%	1,1%	1,3%
Return on equity	42,6%	65,7%	161,8%	-455,8%	-282,4%

# Management's Review

## Key activities

As a privately-owned dairy group based in Denmark, Uhrenholt operates in more than 120 markets worldwide, providing a wide range of own brands and private label solutions to retail, wholesale, foodservice, and industrial customers.

Our business model revolves around adaptability and speed, and we collaborate closely with our customers to create market-driven food solutions tailored to their unique needs. We partner with a select group of trusted suppliers to ensure that these solutions are delivered to market as quickly as possible while meeting the required quality standards, commercial targets, and sustainability goals.

At Uhrenholt, our approach to business is straightforward and built on trust, collaboration, and dynamism. Our company structure and culture empower us to make decisions and improvements quickly and efficiently. We prioritize long-term relationships with our customers and suppliers to ensure mutual benefit in everything we do.

## Development in the year

In the aftermath of the COVID-19 pandemic 2022 turned out to be a volatile year, with extreme price increases, energy cost increase, increasing inflation to a level not seen for many years and with a low supply of many products.

This made the market conditions for our business very difficult to maneuver in, but the business model showed its strength and agility as the company again delivered a strong result with a profit before tax at +75,6 mDKK.

Compared to last year the revenue grew with 22% or over 500 mDKK to a level of 3,0 bDKK.

The improved profit was generated from strong performance from both Trading and Consumer divisions, and the Emborg brand saw continued double-digit growth globally.

The positive operating result improved the equity as per 31. December 2022 to +168,5 mDKK and a solvency of 28,5%.

While 2022 was a demanding year, the agility of the global organization, and the determination in the execution of the strategy, made it possible to continue developing the business with our many partners, and serve our global customers with high quality solutions, under challenging circumstances.

Overall management had indicated a 2022 profit before tax at 50-60 mDKK and the improved result was mainly driven by increased revenue at a high USD level, as well as dealing with the business opportunities the high market volatility generated.

# Management's Review

## *Foreign exchange risks*

Foreign trade entails transactions and positions in foreign currency. Transactions are mainly in USD, EURO and AUD. It is the company policy to hedge against currency risks. Exchange rate risks related to investments in affiliated enterprises abroad are not hedged.

## **Targets and expectations for the year ahead**

Going in to 2023 market visibility is very low, and we foresee a year where we must be navigating in a very unpredictable global market outlook affected by a possible recessionary environment, high level of inflation, high energy cost and a low milk in-take in Europe.

Therefore expectations are a little more conservative for 2023, but with the strong business foundation build on 2 structurally different market divisions (Consumer and Trading), and with a focus that remains on profitable growth, the expectations for 2023 is a profit before tax in the level of 50-65 mDKK.

## **Statement of corporate social responsibility**

The Uhrenholt Group has signed the UN's Global Compact and is actively working with social responsibility and do see ESG as a key driver of the business. The Group has published the CSR report for 2022 on our website according to §99a of the Danish Financial Statement Act. The CSR report can be found at <https://nozebra.ipapercms.dk/Uhrenholt/CSR/csr-2022/>

## **Statement on gender composition**

The Group has published the CSR report for 2022 on our website, wherein our statement on gender composition §99b of the Danish Financial Statement Act is disclosed. The CSR report can be found at <https://nozebra.ipapercms.dk/Uhrenholt/CSR/csr-2022/>

## **Statement on data ethics**

The company has published the CSR report for 2022 on our website, wherein our statement on data ethics according to §99d of the Danish Financial Statement Act is disclosed. The CSR report can be found at <https://nozebra.ipapercms.dk/Uhrenholt/CSR/csr-2022/>

## **Subsequent events**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income Statement 1 January - 31 December

	Note	Group		Parent	
		2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
<b>Revenue</b>	1	<b>2.971.683</b>	<b>2.431.953</b>	<b>0</b>	<b>0</b>
Other operating income		216	0	2.900	2.900
Expenses for raw materials and consumables		-2.624.006	-2.113.653	0	0
Other external expenses		-89.829	-84.780	-764	-663
<b>Gross profit/loss</b>		<b>258.064</b>	<b>233.520</b>	<b>2.136</b>	<b>2.237</b>
Staff expenses	2	-154.354	-143.660	-2.631	-1.894
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-12.006	-15.797	-676	-2.539
Other operating expenses		-79	-2.844	0	-290
<b>Profit/loss before financial income and expenses</b>		<b>91.625</b>	<b>71.219</b>	<b>-1.171</b>	<b>-2.486</b>
Income from investments in subsidiaries		0	0	63.767	60.110
Financial income	4	1.077	11.003	0	0
Financial expenses	5	-17.109	-10.152	-5.313	-5.285
<b>Profit/loss before tax</b>		<b>75.593</b>	<b>72.070</b>	<b>57.283</b>	<b>52.339</b>
Tax on profit/loss for the year	6	-16.975	-18.523	1.335	1.208
<b>Net profit/loss for the year</b>		<b>58.618</b>	<b>53.547</b>	<b>58.618</b>	<b>53.547</b>

## Balance Sheet 31 December

### Assets

	Note	Group		Parent	
		2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
Completed development projects		10.078	9.862	0	0
Acquired patents		2.645	3.362	1.958	2.141
Goodwill		5.824	7.597	0	0
<b>Intangible assets</b>	<b>7</b>	<b>18.547</b>	<b>20.821</b>	<b>1.958</b>	<b>2.141</b>
Land and buildings		25.959	26.574	18.713	19.120
Plant and machinery		7.909	10.624	0	0
Other fixtures and fittings, tools and equipment		4.467	4.318	737	736
<b>Property, plant and equipment</b>	<b>8</b>	<b>38.335</b>	<b>41.516</b>	<b>19.450</b>	<b>19.856</b>
Investments in subsidiaries	9	0	0	532.575	464.420
<b>Fixed asset investments</b>		<b>0</b>	<b>0</b>	<b>532.575</b>	<b>464.420</b>
<b>Fixed assets</b>		<b>56.882</b>	<b>62.337</b>	<b>553.983</b>	<b>486.417</b>
<b>Inventories</b>		<b>111.430</b>	<b>95.521</b>	<b>0</b>	<b>0</b>
Trade receivables		370.276	332.417	0	0
Other receivables	15	33.176	34.155	40	0
Deferred tax asset	10	2.356	986	0	0
Corporation tax		339	1.393	1.373	1.180
Prepayments	11	6.119	4.332	0	0
<b>Receivables</b>		<b>412.266</b>	<b>373.283</b>	<b>1.413</b>	<b>1.180</b>
<b>Current asset investments</b>		<b>198</b>	<b>198</b>	<b>198</b>	<b>198</b>
<b>Cash at bank and in hand</b>		<b>11.348</b>	<b>11.889</b>	<b>0</b>	<b>0</b>
<b>Currents assets</b>		<b>535.242</b>	<b>480.891</b>	<b>1.611</b>	<b>1.378</b>
<b>Assets</b>		<b>592.124</b>	<b>543.228</b>	<b>555.594</b>	<b>487.795</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	Group		Parent	
		2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
Share capital	12	30.600	30.600	30.600	30.600
Reserve for net revaluation under the equity method		0	0	0	112.196
Reserve for hedging transactions		599	-1.239	0	0
Reserve for currency exchange		136	-1.126	0	0
Retained earnings		137.187	78.566	137.922	-35.995
<b>Equity</b>		<b>168.522</b>	<b>106.801</b>	<b>168.522</b>	<b>106.801</b>
Provision for deferred tax	10	2.472	1.788	224	186
Provisions for pensions and similar obligations		2.454	2.455	0	0
Provisions relating to investments in group enterprises		0	0	208.975	207.020
<b>Provisions</b>		<b>4.926</b>	<b>4.243</b>	<b>209.199</b>	<b>207.206</b>
Mortgage loans		20.099	21.586	20.099	21.586
Lease obligations		0	171	0	0
Payables to group enterprises		0	0	141.263	137.392
Other payables		8.555	8.389	0	0
<b>Long-term debt</b>	14	<b>28.654</b>	<b>30.146</b>	<b>161.362</b>	<b>158.978</b>
Mortgage loans	14	1.487	1.479	1.487	1.479
Credit institutions		90.893	90.703	6.695	638
Lease obligations	14	171	968	0	0
Trade payables		230.335	222.182	227	0
Payables to group enterprises	14	0	0	388	644
Corporation tax		1.199	812	0	0
Other payables	14,15	65.937	85.894	7.714	12.049
<b>Short-term debt</b>		<b>390.022</b>	<b>402.038</b>	<b>16.511</b>	<b>14.810</b>
<b>Debt</b>		<b>418.676</b>	<b>432.184</b>	<b>177.873</b>	<b>173.788</b>
<b>Liabilities and equity</b>		<b>592.124</b>	<b>543.228</b>	<b>555.594</b>	<b>487.795</b>
Distribution of profit	13				
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				

# Balance Sheet 31 December

## Liabilities and equity

	<u>Note</u>
Fee to auditors appointed at the general meeting	20
Accounting Policies	21

## Statement of Changes in Equity

### Group

	Share capital	Reserve for net revalua- tion under the equity method	Reserve for hedging transactions	Reserve for currency exchange	Retained earnings	Total
	kDKK	kDKK	kDKK	kDKK	kDKK	kDKK
Equity at 1 January	30.600	0	-1.240	-1.126	78.569	106.803
Exchange adjustments relating to foreign entities	0	0	0	1.262	0	1.262
Fair value adjustment of hedging instruments, beginning of year	0	0	1.590	0	0	1.590
Fair value adjustment of hedging instruments, end of year	0	0	767	0	0	767
Tax on adjustment of hedging instruments for the year	0	0	-518	0	0	-518
Net profit/loss for the year	0	0	0	0	58.618	58.618
<b>Equity at 31 December</b>	<b>30.600</b>	<b>0</b>	<b>599</b>	<b>136</b>	<b>137.187</b>	<b>168.522</b>

### Parent

Equity at 1 January	30.600	112.197	0	0	-35.994	106.803
Exchange adjustments relating to foreign entities	0	1.262	0	0	0	1.262
Fair value adjustment of hedging instruments, beginning of year	0	1.240	0	0	0	1.240
Fair value adjustment of hedging instruments, end of year	0	599	0	0	0	599
Net profit/loss for the year	0	-115.298	0	0	173.916	58.618
<b>Equity at 31 December</b>	<b>30.600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>137.922</b>	<b>168.522</b>



## Cash Flow Statement 1 January - 31 December

	Note	Group	
		2022 kDKK	2021 kDKK
Net profit/loss for the year		58.618	53.547
Adjustments	16	44.876	35.325
Change in working capital	17	-62.440	2.117
<b>Cash flows from operating activities before financial income and expenses</b>		<b>41.054</b>	<b>90.989</b>
Financial income		1.077	11.003
Financial expenses		-17.109	-10.151
<b>Cash flows from ordinary activities</b>		<b>25.022</b>	<b>91.841</b>
Corporation tax paid		-16.738	-33.782
<b>Cash flows from operating activities</b>		<b>8.284</b>	<b>58.059</b>
Purchase of intangible assets		-5.277	-1.987
Purchase of property, plant and equipment		-1.291	-3.395
<b>Cash flows from investing activities</b>		<b>-6.568</b>	<b>-5.382</b>
Repayment of mortgage loans		-1.479	-1.470
Repayment of loans from credit institutions		0	-45.250
Repayment of lease obligations		-968	-812
Raising of loans from credit institutions		190	0
<b>Cash flows from financing activities</b>		<b>-2.257</b>	<b>-47.532</b>
<b>Change in cash and cash equivalents</b>		<b>-541</b>	<b>5.145</b>
Cash and cash equivalents at 1 January		11.889	6.744
<b>Cash and cash equivalents at 31 December</b>		<b>11.348</b>	<b>11.889</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		11.348	11.889
<b>Cash and cash equivalents at 31 December</b>		<b>11.348</b>	<b>11.889</b>

Cash and bank balances at 31 December 2022 include 6,2 MDKK that relates to bank balances subject to restrictions. These funds are not readily available for general use by the F. Uhrenholt Holding A/S group.

# Notes to the Financial Statements

	<b>Group</b>		<b>Parent</b>	
	<u>2022</u> kDKK	<u>2021</u> kDKK	<u>2022</u> kDKK	<u>2021</u> kDKK
<b>1 Revenue</b>				
<b>Geographical segments</b>				
Europe	794.368	592.247	0	0
Asia and Pacific	1.197.264	1.138.410	0	0
Middle East and Africa	550.317	386.825	0	0
Others	429.734	314.471	0	0
	<u><b>2.971.683</b></u>	<u><b>2.431.953</b></u>	<u><b>0</b></u>	<u><b>0</b></u>

## Notes to the Financial Statements

	Group		Parent	
	2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
<b>2 Staff expenses</b>				
Wages and salaries	145.308	135.251	2.631	1.894
Pensions	6.704	6.205	0	0
Other social security expenses	1.100	1.035	0	0
Other staff expenses	1.242	1.169	0	0
	<b>154.354</b>	<b>143.660</b>	<b>2.631</b>	<b>1.894</b>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<b>8.239</b>	<b>6.211</b>	<b>2.031</b>	<b>1.597</b>
<b>Average number of employees</b>	<b>240</b>	<b>229</b>	<b>0</b>	<b>0</b>

In 2021 the executive board only consisted of the group CEO. From 2022 the executive board consists of the group CEO and CFO.

In 2022 the remuneration to the Executive Board in the Parent company amounts to 398 TDKK and the remuneration to the Supervisory Board in the Parent company amounts to 1.633 TDKK.

In 2022 the remuneration to the Executive Board for the group amounts to 6.606 TDKK and the remuneration to the Supervisory Board for the group amounts to 1.633 TDKK.

## Notes to the Financial Statements

	Group		Parent	
	2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
<b>3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>				
Amortisation of intangible assets	6.222	10.458	269	2.132
Depreciation of property, plant and equipment	5.784	5.339	407	407
	<b>12.006</b>	<b>15.797</b>	<b>676</b>	<b>2.539</b>
<b>4 Financial income</b>				
Other financial income	1.077	1.207	0	0
Exchange adjustments	0	9.796	0	0
	<b>1.077</b>	<b>11.003</b>	<b>0</b>	<b>0</b>
<b>5 Financial expenses</b>				
Interest paid to group enterprises	0	0	3.870	3.643
Other financial expenses	6.800	10.152	1.443	1.642
Exchange adjustments, expenses	10.309	0	0	0
	<b>17.109</b>	<b>10.152</b>	<b>5.313</b>	<b>5.285</b>

## Notes to the Financial Statements

	Group		Parent	
	2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
<b>6 Tax on profit/loss for the year</b>				
Current tax for the year	18.201	14.197	-1.373	-1.180
Deferred tax for the year	-686	2.869	38	-29
Adjustment of tax concerning previous years	-22	-31	0	1
	<b>17.493</b>	<b>17.035</b>	<b>-1.335</b>	<b>-1.208</b>
which breaks down as follows:				
Tax on profit/loss for the year	16.975	18.523	-1.335	-1.208
Tax on changes in equity	518	-1.488	0	0
	<b>17.493</b>	<b>17.035</b>	<b>-1.335</b>	<b>-1.208</b>

## 7 Intangible assets

### Group

	Completed development projects kDKK	Acquired patents kDKK	Goodwill kDKK
Cost at 1 January	26.155	5.089	79.854
Exchange adjustment	0	0	-522
Additions for the year	3.723	420	0
Disposals for the year	-632	0	0
Cost at 31 December	<b>29.246</b>	<b>5.509</b>	<b>79.332</b>
Impairment losses and amortisation at 1 January	16.293	1.730	72.257
Exchange adjustment	0	0	-396
Amortisation for the year	3.442	1.134	1.647
Reversal of amortisation of disposals for the year	-567	0	0
Impairment losses and amortisation at 31 December	<b>19.168</b>	<b>2.864</b>	<b>73.508</b>
<b>Carrying amount at 31 December</b>	<b>10.078</b>	<b>2.645</b>	<b>5.824</b>

Development costs relate to the implementation and continued development of ERP system and other major IT systems.

## Notes to the Financial Statements

### Parent

	Acquired pa- tents kDKK	Goodwill kDKK
Cost at 1 January	2.648	50.000
Additions for the year	85	0
Cost at 31 December	<u>2.733</u>	<u>50.000</u>
Impairment losses and amortisation at 1 January	506	50.000
Amortisation for the year	269	0
Impairment losses and amortisation at 31 December	<u>775</u>	<u>50.000</u>
<b>Carrying amount at 31 December</b>	<b><u>1.958</u></b>	<b><u>0</u></b>

## 8 Property, plant and equipment

### Group

	Land and buildings kDKK	Plant and machinery kDKK	Other fixtures and fittings, tools and equipment kDKK
Cost at 1 January	62.931	43.249	21.098
Exchange adjustment	357	0	327
Additions for the year	132	97	2.196
Disposals for the year	0	-6.893	-8.793
Transfers for the year	-6	-3.863	5.089
Cost at 31 December	<u>63.414</u>	<u>32.590</u>	<u>19.917</u>
Impairment losses and depreciation at 1 January	36.356	32.623	16.775
Exchange adjustment	125	0	325
Depreciation for the year	969	2.625	2.196
Reversal of impairment and depreciation of sold assets	0	-6.879	-8.749
Transfers for the year	5	-3.688	4.903
Impairment losses and depreciation at 31 December	<u>37.455</u>	<u>24.681</u>	<u>15.450</u>
<b>Carrying amount at 31 December</b>	<b><u>25.959</u></b>	<b><u>7.909</u></b>	<b><u>4.467</u></b>
Including assets under finance leases amounting to	<u>0</u>	<u>0</u>	<u>974</u>

## Notes to the Financial Statements

### 8 Property, plant and equipment (continued)

#### Parent

	Land and buildings	Other fixtures and fittings, tools and equipment	Total
	kDKK	kDKK	kDKK
Cost at 1 January	45.915	737	46.652
Kostpris at 31 December	45.915	737	46.652
Impairment losses and depreciation at 1 January	26.795	0	26.795
Depreciation for the year	407	0	407
Impairment losses and depreciation at 31 December	27.202	0	27.202
<b>Carrying amount at 31 December</b>	<b>18.713</b>	<b>737</b>	<b>19.450</b>

## Notes to the Financial Statements

	Parent	
	2022 kDKK	2021 kDKK
<b>9 Investments in subsidiaries</b>		
Cost at 1 January	145.202	145.202
Disposals for the year	-700	0
Cost at 31 December	<u>144.502</u>	<u>145.202</u>
Value adjustments at 1 January	112.197	55.034
Disposals for the year	33	0
Exchange adjustment	1.263	2.329
Net profit/loss for the year	63.940	60.283
Other equity movements, net	1.838	-5.275
Amortisation of goodwill	-173	-173
Value adjustments at 31 December	<u>179.098</u>	<u>112.198</u>
Equity investments with negative net asset value transferred to provisions	<u>208.975</u>	<u>207.020</u>
<b>Carrying amount at 31 December</b>	<b><u>532.575</u></b>	<b><u>464.420</u></b>
Remaining positive difference included in the above carrying amount at 31 December	<u>222</u>	<u>395</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Uhrenholt A/S	Denmark	100%
Selskabet af 17.08.2007 ApS	Denmark	100%
Uhrenholt Sdn Bhd	Malaysia	100%
OOO Uhrenholt	Russia	100%
Emborg Foods USA Inc.	USA	100%
Uhrenholt Middle East DMCC	Dubai	100%
Uhrenholt Polska SP z.o.o.	Poland	100%
Uhrenholt Food Solutions (Shanghai) Co Ltd.	China	100%
F. Uhrenholt Holding International ApS	Denmark	100%
Uhrenholt USA LLC	USA	100%
Uhrenholt España S.L.U	Spain	100%
Uhrenholt Food Service Hong Kong Ltd.	China	100%
Uhrenholt South Africa Pty Ltd.	South Africa	100%
Uhrenholt Oceania Pty Ltd.	Australia	100%
Uhrenholt Philippines Inc.	Philippines	100%



## Notes to the Financial Statements

### 9 Investments in subsidiaries (continued)

Name	Place of registered office	Votes and ownership
Verkopen Company Inc.	Philippines	100%
F. Uhrenholt Barter Aps	Denmark	100%
F. Uhrenholt Handel Aps	Denmark	100%
F. Uhrenholt Dairy Products ApS	Denmark	100%

	Group		Parent	
	2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
<b>10 Provision for deferred tax</b>				
Provision for deferred tax at 1 January	802	-2.067	186	215
Amounts recognised in the income statement for the year	-686	2.869	38	-29
<b>Provision for deferred tax at 31 December</b>	<b>116</b>	<b>802</b>	<b>224</b>	<b>186</b>

### 11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

# Notes to the Financial Statements

## 12 Equity

The share capital consists of 612,000 shares of a nominal value of kDKK 50. No shares carry any special rights.

The share capital is broken down as follow:

	<u>Number</u>	<u>Nominal value</u> kDKK
A1-shares	414	20.675
A2-shares	40.936	2.046.825
B1-shares	4.586	229.325
B2-shares	454.064	22.703.175
C-shares	56.000	2.800.000
D-shares	56.000	2.800.000
		<u><b>30.600.000</b></u>

The share capital has developed as follows:

	<u>2022</u> kDKK	<u>2021</u> kDKK	<u>2020</u> kDKK	<u>2019</u> kDKK	<u>2018</u> kDKK
Share capital at 1 January	30.600	30.600	30.600	27.800	25.000
Capital increase	0	0	0	2.800	2.800
Capital decrease	0	0	0	0	0
<b>Share capital at 31</b>					
<b>December</b>	<u><b>30.600</b></u>	<u><b>30.600</b></u>	<u><b>30.600</b></u>	<u><b>30.600</b></u>	<u><b>27.800</b></u>

## 13 Distribution of profit

	<u>Parent</u>	
	<u>2022</u> kDKK	<u>2021</u> kDKK
Reserve for net revaluation under the equity method	-115.298	60.108
Retained earnings	173.916	-6.561
	<u><b>58.618</b></u>	<u><b>53.547</b></u>

## Notes to the Financial Statements

### 14 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent	
	2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
<b>Mortgage loans</b>				
After 5 years	14.068	15.588	14.068	15.588
Between 1 and 5 years	6.031	5.998	6.031	5.998
Long-term part	20.099	21.586	20.099	21.586
Within 1 year	1.487	1.479	1.487	1.479
	<b>21.586</b>	<b>23.065</b>	<b>21.586</b>	<b>23.065</b>
<b>Lease obligations</b>				
Between 1 and 5 years	0	171	0	0
Long-term part	0	171	0	0
Within 1 year	171	968	0	0
	<b>171</b>	<b>1.139</b>	<b>0</b>	<b>0</b>
<b>Payables to group enterprises</b>				
Between 1 and 5 years	0	0	141.263	137.392
Long-term part	0	0	141.263	137.392
Other short-term debt to group enterprises	0	0	388	644
	<b>0</b>	<b>0</b>	<b>141.651</b>	<b>138.036</b>

## Notes to the Financial Statements

### 14 Long-term debt (continued)

	Group		Parent	
	2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
<b>Other payables</b>				
Between 1 and 5 years	8.555	8.389	0	0
Long-term part	8.555	8.389	0	0
Other short-term payables	65.937	85.894	7.714	12.049
	<b>74.492</b>	<b>94.283</b>	<b>7.714</b>	<b>12.049</b>

### 15 Derivative financial instruments

As of 31 December 2022, the company has derivative financial instruments in the form of forward currency exchange contracts. At 31 December 2022 the fair value of derivative financial instruments is:

	Group		Parent	
	2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
Assets	8.513	0	0	0
Liabilities	0	5.510	0	0

Forward currency exchange contracts:

The group has entered into forward currency exchange contracts in order to hedge future sales of goods and purchases as well as to hedge balance sheet items in foreign currencies. Forward currency exchange contracts have been entered into in a number of currencies, with USD, NZD, AUD, GBP, PLN, EUR, SGD and SEK being the most important. The fair value of the forward currency exchange contracts amount to kDKK 8.513. The forward currency exchange contracts have maturity date within the next 12 months.

## Notes to the Financial Statements

	<b>Group</b>	
	<u>2022</u>	<u>2021</u>
	kDKK	kDKK
<b>16 Cash flow statement - adjustments</b>		
Financial income	-1.077	-11.003
Financial expenses	17.109	10.152
Depreciation, amortisation and impairment losses, including losses and gains on sales	11.869	16.165
Tax on profit/loss for the year	16.975	20.011
	<u><b>44.876</b></u>	<u><b>35.325</b></u>
<b>17 Cash flow statement - change in working capital</b>		
Change in inventories	-15.909	-8.995
Change in receivables	-38.088	-26.447
Change in other provisions	-1	64
Change in trade payables, etc	-10.799	44.259
Fair value adjustments of hedging instruments	2.357	-6.764
	<u><b>-62.440</b></u>	<u><b>2.117</b></u>

## Notes to the Financial Statements

	Group		Parent	
	2022 kDKK	2021 kDKK	2022 kDKK	2021 kDKK
<b>18 Contingent assets, liabilities and other financial obligations</b>				
<b>Charges and security</b>				
The following assets have been placed as security with mortgage credit institutes:				
Land and buildings with a net book value at 31 December 2022	18.713	19.120	18.713	19.120
Booked value of debt to mortgage credit institutes at 31 December 2022:	21.586	23.065	21.586	23.065
The parent company has provided unlimited surety for the subsidiaries' balances with banks and finance companies. At 31 December 2022 the total group debt amounts to kDKK 90.893. For the same debt, the parent company has provided an owner's mortgage of kDKK 20.000 related to land and buildings with a booked value of kDKK 18.713.				
As security for the Group's balances with banks and finance companies, a floating charge of a mDKK 330 (of which mDKK 30 is provided by the parent company) has been registered, which gives security in the following:				
Receivables from sales kDKK 345.147				
Inventories kDKK 81.787				
Other plant, machinery and equipment kDKK 11.972				
Intellectual rights/patents kDKK 2.629.				
At 31 December bank guarantees have been provided to the tax authorities through banks/finance companies of	460	4.085	0	0
<b>Rental and lease obligations</b>				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	2.713	3.408	0	0
Between 1 and 5 years	2.098	1.630	0	0
	<b>4.811</b>	<b>5.038</b>	<b>0</b>	<b>0</b>
Rental obligations, non-cancellation period 3-48 months.	30.785	29.960	4.000	4.000

# Notes to the Financial Statements

	Group		Parent	
	2022	2021	2022	2021
	kDKK	kDKK	kDKK	kDKK
<b>18 Contingent assets, liabilities and other financial obligations</b> (continued)				

## Other contingent liabilities

The parent company has signed a letter of support for the subsidiary Selskabet af 17.08.2017 ApS. The letter of support is limited to further financial support of kDKK 100 and expires on May 31, 2024.

The Group companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. FU III ApS is administration company in relation to joint taxation. The Group companies are also jointly and severally liable for Danish withholding taxes in the form of dividend tax, royalty tax and interest tax. Any subsequent corrections to corporation taxes and withholding taxes may result in the company's liability constituting a larger amount.

## 19 Related parties

### Basis

#### Controlling interest

FU III ApS

Controlling interest

#### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

No transactions with related parties have been made, which are not on arm's length basis.

#### Consolidated Financial Statements

F. Uhrenholt Holding A/S and subsidiaries are included in the consolidated financial statements for its parent company:

Name	Place of registered office
FU III ApS	Faurskov Allé 6 5560 Aarup Denmark

The Group Annual Report of FU III ApS may be obtained at the above address.

## Notes to the Financial Statements

	<b>Group</b>		<b>Parent</b>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	kDKK	kDKK	kDKK	kDKK
<b>20 Fee to auditors appointed at the general meeting</b>				
<b>PricewaterhouseCoopers</b>				
Audit fee	895	831	0	0
Tax advisory services	368	658	0	0
Other services	1.184	865	0	0
	<u>2.447</u>	<u>2.354</u>	<u>0</u>	<u>0</u>
<b>Others</b>				
Other services	295	344	0	0
	<u>295</u>	<u>344</u>	<u>0</u>	<u>0</u>
	<u>2.743</u>	<u>2.698</u>	<u>0</u>	<u>0</u>

With reference to the Danish Financial Statements Act § 96,3 information on auditing fees is exclusively provided for the consolidated financial statements of F. Uhrenholt Holding A / S and not for the parent company.



# Notes to the Financial Statements

## 21 Accounting Policies

The Annual Report of F. Uhrenholt Holding A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2022 are presented in kDKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, F. Uhrenholt Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### **Hedge accounting**

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in reserve for hedging transactions under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

### **Revenue**

Information on business segments and geographical segments are based on the Group's risks and returns and its internal financial reporting system. Geographical segments are regarded as the primary segments.

## **Income Statement**

### **Revenue**

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### **Expenses for raw materials and consumables**

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### **Other external expenses**

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

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

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

### **Income from investments in subsidiaries**

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

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

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes

## **Balance Sheet**

### ***Development projects, patents and licences***

Costs of development projects comprise expenses directly or indirectly attributable to the Group's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item “Reserve for development costs”. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3-10 years.

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the patent period, maximum 20 years.

Other intangible fixed assets are written down to the recoverable amount if this is lower than the carrying amount.

### **Goodwill**

Goodwill is amortised on a straight-line basis over the estimated useful life of 10-20 years, which is determined on the basis of Management’s experience with the individual business areas.

Goodwill is written down to recoverable amount if this is lower than the carrying amount

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

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other buildings	20-65 years
Plant and machinery	3-15 years
Other fixtures and fittings,	

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

tools and equipment 3-8 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

and equipment used in the manufacturing process as well as costs of factory administration and management.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Current asset investments**

Current asset investments, which consist of unlisted shares.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Provisions**

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the de-

# Notes to the Financial Statements

## 21 Accounting Policies (continued)

ferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### **Financial debts**

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

## **Cash Flow Statement**

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

### **Cash flows from operating activities**

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### **Cash flows from investing activities**

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.



# Notes to the Financial Statements

## 21 Accounting Policies (continued)

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$