



## Tican Fresh Meat A/S

Strandvejen 6  
7700 Thisted  
CVR No. 26786576

## Annual report 2021

The Annual General Meeting adopted the  
annual report on 23.06.2022

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**Niels Jørgen Villesen**

Chairman of the General Meeting

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# Entity details

## Entity

Tican Fresh Meat A/S

Strandvejen 6

7700 Thisted

Business Registration No.: 26786576

Registered office: Thisted

Financial year: 01.01.2021 - 31.12.2021

Phone number: 99192300

URL: [www.tican.dk](http://www.tican.dk)

E-mail: [TICAN@TICAN.DK](mailto:TICAN@TICAN.DK)

## Board of Directors

Frank Duffe

Jacqueline Nowack

Carl Ernst Bürger

## Executive Board

Niels Jørgen Villesen

Jens Røjkjær Lyhne

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Tican Fresh Meat A/S for the financial year 01.01.2021 - 31.12.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Thisted, 23.06.2022

## Executive Board

**Niels Jørgen Villesen**

**Jens Røjkjær Lyhne**

## Board of Directors

**Frank Duffe**

**Jacqueline Nowack**

**Carl Ernst Bürger**

# Independent auditor's report

## To the shareholder of Tican Fresh Meat A/S

### Opinion

We have audited the consolidated financial statements and the parent financial statements of Tican Fresh Meat A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

**Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

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

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

Aarhus, 23.06.2022

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**René Winther Pedersen**

State Authorised Public Accountant  
Identification No (MNE) mne34173

**Chris Bay Bindslev**

State Authorised Public Accountant  
Identification No (MNE) mne36029

# Management commentary

## Financial highlights

|   | 2021      | 2020      | 2019      | 2018      | 2017      |
|---|-----------|-----------|-----------|-----------|-----------|
|   | DKK'000   | DKK'000   | DKK'000   | DKK'000   | DKK'000   |
| <b>Key figures</b>                                  |           |           |           |           |           |
| Revenue   | 8,296,520 | 8,898,250 | 7,825,539 | 6,606,493 | 7,145,511 |
| Gross profit/loss                                   | 519,660   | 673,565   | 742,926   | 620,338   | 459,589   |
| Operating profit/loss                               | (232,680) | 9,310     | 237,966   | 153,100   | (30,596)  |
| Net financials                                      | (17,571)  | (18,416)  | (4,310)   | (20,452)  | (12,550)  |
| Profit/loss for the year                            | (257,532) | (35,402)  | 208,094   | 89,483    | (65,238)  |
| Balance sheet total                                 | 2,868,687 | 2,775,602 | 2,732,622 | 2,188,282 | 2,106,187 |
| Investments in property,<br>plant and equipment     | 219,038   | 195,155   | (58,825)  | (63,717)  | (65,751)  |
| Equity  | 510,637   | 717,469   | 789,352   | 549,906   | 473,411   |
| Cash flows from operating<br>activities             | (32,144)  | 124,901   | (151,578) | 108,673   | 106,261   |
| Cash flows from investing<br>activities             | (218,540) | (186,614) | (56,825)  | (59,744)  | 26,733    |
| Cash flows from financing<br>activities             | 238,406   | 115,512   | 192,404   | 22,211    | (125,791) |
| Change in cash and cash<br>equivalents for the year | 49,569    | 49,569    | (15,999)  | 71,140    | 7,203     |
| Average number of<br>employees                      | 2,235     | 2,160     | 2,102     | 1,974     | 2,028     |
| <b>Ratios</b>                                       |           |           |           |           |           |
| Gross margin (%)                                    | 6.26      | 7.57      | 9.49      | 9.39      | 6.43      |
| Profit margin (%)                                   | (2.80)    | 0.10      | 3.00      | 2.29      | (0.40)    |
| Return on assets                                    | (8.11)    | 0.30      | 8.69      | 7.00      | (1.50)    |
| Solvency ratio (%)                                  | 17.80     | 25.80     | 28.90     | 25.10     | 22.50     |

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.



**Gross margin (%):**

Gross profit/loss \* 100

Revenue

**Profit margin (%):**

Operating profit/loss\* 100

Revenue

**Return on assets (%):**

Operating profit/loss \* 100

Total assets

**Solvency ratio (%):**

Equity \* 100

Total assets

### Primary activities

The Company's activities consist primarily in running slaughtering business and other production activities as well as food trading, financing, shareholding, investments and subordinate capital contributions in other companies.

### Development in activities and finances

The Company's income statement for 2021 shows a loss of DKK 257,532k, and the consolidated balance sheet at 31 December 2021 shows equity of DKK 510,637k.

The Company merged with SB Pork A/S and Tican A/S with effect from 1 January 2018. Financial highlights for the years 2019, 2018 and 2017 have been restated.

During the year, Tican has focused its efforts on increasing productivity and maintaining its ability to provide safe quality products at competitive prices. Considerable investments in both optimisation and maintenance of the production have been made during the year.

In the UK market, the group enterprises have had a poor year. In a competitive market, however, Tican Chilled Ltd. succeeded in maintaining its position as a leading provider of various types of meat to independent butchers and catering enterprises. However, the Group's food processing companies in the UK, Direct Table Foods Ltd. and Pro-Pak Foods Ltd., realised unsatisfactory results for 2021.

Brexit is not expected to have any material impact on group operations in the long term.

In the past financial year, Tican Rose GmbH has continued the good development from previous years.

### Profit/loss for the year in relation to expected developments

Revenue in 2021 amounted to DKK 8,296,520k against DKK 8,898,250k in 2020, equal to a decrease of 6.7%. The decrease in revenue is attributable to lower meat prices. Quotations for slaughter pigs were on average approx. 16.7% below those of 2020 due to a lower demand from primarily China.

The conditions for carrying on pig farming activities have been very difficult for a number of years and have presented significant challenges for the farmers. But during 2019, the market for pork products has been substantially improved, and this has continued throughout 2020 and partly in 2021. As stated before, the settlement price has continued to rise. As a result of the improved settlement prices and the declining export of piglets to Germany in particular, the total production of slaughter pigs in Denmark amounted to DKK 18.2 million pigs in 2021, which is approx. 0.7 million higher than the year before. For the year ahead, the production of slaughter pigs in Denmark is expected to show a small increase.

Net loss for the year in the Group of DKK 257,532k is regarded as very unsatisfactory, but the reason for the poor performance is partly the Covid-19 lockdown at European customers as well as the Chinese trade embargo on products from the factory in Brørup – also due to Covid-19.

### Capital resources

The Company's equity amounts to DKK 510,637k, and the capital resources have been reduced as a result of the loss for the year.

## **Special risks – operating risks and financial risks**

### **Operating risks**

As a global food company, Tican is exposed to a number of industry risks such as e.g. food safety, public regulation and financial risks.

#### **Food safety**

Throughout the world, consumers can rely on quality when purchasing meat from Tican. Quality and food safety throughout the value chain are an important part of the Company's strategy. Tican's own control supplements the external control and is based on the HACCP principles, and all employees attend sanitation and food safety courses.

The production entity in Thisted, Denmark has the highest level of GRMS (Global Red Meat Standard) certification. Moreover, the entity in Brørup has been certified under GRMS from the beginning of 2021. Moreover, the entity in Thisted, Pro-Pak Foods and Direct Table Foods, has been certified for organic production.

To live up to the ever-increasing demands from customers and authorities, Tican continuously evaluates and develops quality and food safety systems and initiatives. The high status achieved by Tican over the years is a crucial assumption for keeping all markets open to Tican products and for ensuring Tican's strong position in the market as a brand with high consumer confidence.

### **Market risks**

#### **Public regulation**

Tican is primarily affected by public regulation of food safety and protection of the environment. Changes may affect the business of Tican substantially, including access to raw materials; therefore, political initiatives and development are monitored closely.

#### **Utilisation of production capacity**

On a current basis, Tican considers and assesses initiatives to ensure that the production is as efficient as possible. Besides high capacity utilisation, investments in further automation of production facilities and processes are made on a current basis.

As a result of the high degree of automation, Tican is vulnerable to long periods of breakdown of production facilities and IT systems. A number of measures have been taken to reduce the consequences in this respect.

### **Foreign exchange risks**

As an export company, Tican is exposed to a translation risk with respect to DKK as results, cash flows and equity are affected by exchange and interest rate developments with respect to a number of foreign currencies.

The Company's policy is to hedge commercial foreign exchange risks primarily through forward contracts relating to expected export income in foreign currencies. Hedging of commercial foreign exchange risks is carried out by the group treasury function.

### **Interest rate risks**

The interest-bearing debt amounts to DKK 1,395 million at 31 December 2021. A change in the interest rate of 1% will affect the results for the year by DKK 13.9 million. No interest rate positions have been taken to hedge interest rate risks.

**Price and credit risks**

Credit risks are related to trade receivables. Tican's policy is to take out credit insurance for customers wanting to trade on credit terms. In recent years, the Company has not incurred any material bad debts.

**Cash flow risks**

Tican has access to credit facilities to ensure financial flexibility through the cash management within the Group, and it is ensured that sufficient unutilised overdraft facilities are available to ensure uninterrupted operations for the company.

**Uncertainty relating to recognition and measurement**

No uncertainties have been identified in relation to recognition and measurement in the annual report.

**Unusual circumstances affecting recognition and measurement**

The Group's financial position at 31 December 2020 and its results of operations and cash flows for 2020 have not been affected by any unusual circumstances except for the COVID-19 outbreak as previously described.

**Outlook**

During the year, targeted efforts were directed at lowering the level of cost and increasing productivity.

The Company expects a modest profit of DKK 0-15m before income from investments in subsidiaries for the financial year 2022 on the assumption of an expected market premium added to quoted price at the level of past years' average. The Company is fully financed by the Parent, which has also been agreed for the coming year.

The Group's outlook for the future will continue to be negatively affected by the war in Ukraine and Covid-19 as well as the measures taken by governments in most of the world to mitigate the impacts of continuous outbreak. It is, however, too early yet to give an opinion as to the extent of the implications on the Group's outlook. Until now it has been possible to maintain a normal production at the Group's factories in Denmark as well as abroad.

**Knowledge resources**

The enterprise is built on many years of market knowledge and product experience. This knowledge is incorporated in the Company's systems and procedures, and the employees are trained to carry out specialised tasks, which serve as the basis for the Company's activities.

**Research and development activities**

No research activities are performed apart from normal adjustment of the products to client needs.

**Statutory report on corporate social responsibility***Business model*

Tican is an international food company producing and selling fresh and frozen pork to private industrial customers. We specialise in pig slaughtering, cutting and deboning and focus on providing a dynamic and flexible service to farmers as well as customers.

Export to some of the most quality-conscious markets in the world guarantees a constant focus on quality and food safety.

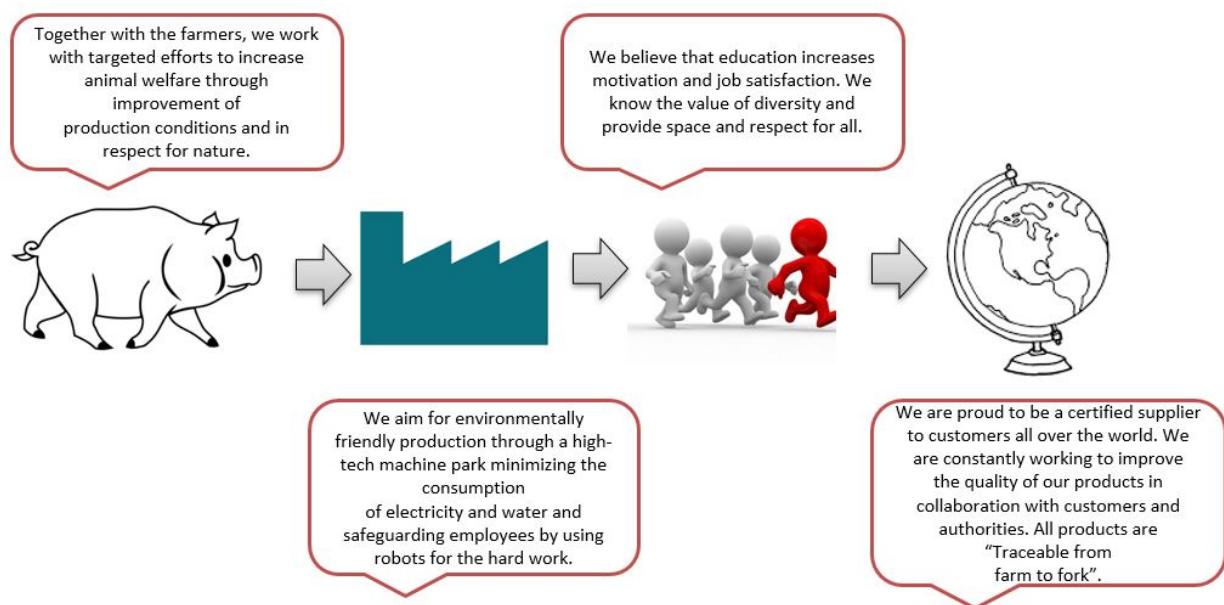
We offer a wide range of pork products to customers in several countries. We take pride in delivering meat that lives up to our customers' expectations all over the world.

In addition to many standard cuts, we offer individual cuts customised to customer wishes and needs no matter

the market.

With the variety of standard cuts, our existing range will almost always meet our customers' demand. If not, we are ready to tailor the products to our customers' exact specifications. We deliver fresh, frozen and vacuum-packed pork.

Tican takes supply only of quality pigs from pig farmers throughout Denmark.



### *CSR policy and Code of Conduct*

Tican continuously reinforces its focus on CSR (Corporate Social Responsibility) based on the philosophy that investments in responsibility for people, the environment and society are closely linked with good business results.

The CSR policy and the Code of Conduct of Tican have been implemented through attitudes and policies as a basis for our general views and rules of conduct relating to our social responsibility and our approach to trading and working relationships.

This is intended to contribute to clarifying the Company's attitudes and form the basis of the all-pervasive corporate culture for which we want our Company to be known. A culture that respects the individual, the organisation as a whole as well as the community to which we belong.

Tican is a company with deep roots and traditions, known for its long-term visions, ethics and sustainable development. It is, however, also a company that knows how to shift its focus as reality changes. Customer demand is important to our standpoint on various issues. We want to be known for high morals and ethics in our business policy.

In relations within the Company and in the contact with employees, the day-to-day and long-term work must be characterised by ethical and moral conduct based on legislation, a social code and humane interrelationships.

When developing and changing our work structure, we use customer needs as our point of departure combined with a clear ambition of showing integrity with respect to our working environment which must be good and must excel through deliberate commitment to equality, diversity and health.

In 2021, Tican was certified under BRC and GRMS, which can be found on Tican's website. Moreover, there is an ongoing audit of Tican from customers for compliance with ethics, legislation, etc. Tican's policies etc. are checked by an external party. These comprise, for example, the following areas:

#### *Employees*

We believe in a strong connection between satisfied employees, satisfied customers and a good financial performance.

Tican's most important resource is its employees. It is therefore important that Tican actively addresses the prevention and solution of any challenges with well-being, satisfaction and experience in the work environment. We therefore perform the following activities: develop work methods, tools and instruments used to set targets and measure performance in order to attract, develop and motivate skilled and dedicated employees.

Each individual employee contributes to our overall results through his or her performance and skills. Tican considers our employees' fundamental need for development, good health, commitment, awareness and appreciation an assumption of a high performance.

Tican must provide the opportunity for an exciting and challenging work life, and, in connection with recruiting, career development and executive development, our entities must act and be perceived as one unit.

Responsibility and authority must be delegated taking into account the individual employee's wishes and capabilities. This also means that we encourage freedom with responsibility, which also implies that it is acceptable to make mistakes.

Tican has a whistleblower scheme to ensure that employees have a confidential channel for reporting of violations or potential violations.

#### *Code of Conduct*

##### Trading and working relationships

We want to be known for high morals and ethics when trading and cooperating with customers, employees, authorities and any other parties.

Our conduct in all situations, no matter the country or market, is characterised by respect for customers, business partners and local communities.

##### *Bribery, fraud and corruption*

All types of corruption, bribery, fraud and money laundering are strictly prohibited. We reject all unfair and restrictive trading practices. No employee of the Company is allowed to accept personal gifts, services, trips, entertainment offers or similar benefits of material value from suppliers or other business partners.

It is strictly forbidden to grant, offer or promise any benefit, whether directly or indirectly, to any public officer with a view to wrongfully influencing the exercise of public authority in connection with purchases, tendering or any other type of business or business transaction that may result in an undue gain.

We are on the lookout for conflicts of interests, and our employees should always safeguard the Company's interests over their personal interests. We encourage everyone to use their common sense.

Tican's risks within corruption are relatively low as we mainly operate in Denmark in relation to our suppliers. However, Tican recognises that there may be corruptions risks abroad related to our customers. We focus on our internal procedures and control measures and are striving continuously to adapt these to our day-to-day work and in response to external impacts. We did not during the year identify any instances in the nature of bribery, fraud or corruption, and we will continue to focus on this in the year ahead.

#### *Personal data processing*

Employees must treat and store all personal data processed by them in a legitimate way and in compliance with applicable legislation, rules and requirements. The Company takes all measures necessary to protect our information systems against threats and to reduce the risks associated with personal data processing.

#### *Equal opportunity and diversity*

Equality between genders and between people of different ages, nationalities and religions contributes towards a greater holistic view based on a variety of life experience. We are working to achieve an equal gender representation at all levels of Tican. To us, equality implies that women and men must have the same rights, obligations, opportunities and equal pay for the same work, no matter their nationality and religion.

#### *Human rights*

The Company supports and respects internationally declared human rights. We are actively working to ensure that all of our employees are treated fairly, equally and respectfully. We do not employ anyone below the age of 14, and the risk is considered low as the age of all employees is verified through their civil registration number. This is checked every month. In 2021, we did not have any employees below the age of 14.

#### *Freedom of association*

The Company respects employees' right to unionise and allows collective bargaining.

#### *Working conditions*

Working hours are in compliance with national legislation and agreements. Regular overtime is not allowed. Wages, services and overtime are in compliance with national legislation and agreements. Any wage reduction as a disciplinary measure is prohibited.

#### *Health, safety, environment*

The Company complies with the minimum standards according to local working environment legislation and rules.

In 2021 we have continued our focus on developing our employees' skills to provide them with the best possible basis for mastering their day-to-day tasks and reducing the risk of work-related accidents. We have therefore focused strongly on training our employees in safety and evacuation procedures, workplace user instructions and workplace assessments.

The Group's strong focus on safety was maintained throughout the year, but unfortunately, the number of work-related accidents has everything considered remained unchanged from 2020 to 2021. The number of work-related accidents remains too high, and we still aim at reducing the number of work-related accidents through targeted safety measures.

### *Health and safety*

We are continuously improving the working environment through, eg, unrelenting focus on technological development in order to promote good health and to prevent accidents and work-related injuries resulting from the work performed.

### *Labour*

No form of forced labour or labour as a penal sanction is accepted. No employee can be forced to transfer valuables or identity documents to his or her employer. No child labour is accepted.

### *Discrimination and suppression*

It is our ambition to promote diversity and to focus on employee involvement and competence development. We do not accept differential treatment of any kind nor threats, suppression or harassment of any kind among our employees or among our suppliers.

### *Human capital*

The Company encourages human capital development by creating job opportunities and offering employees educational opportunities.

### *Mental bullying*

Mental bullying is unacceptable harassment, and any employee is responsible for ensuring that there is no practice of mental bullying at our workplace. Management must intervene against mental bullying, i.e. practical jokes and similar malicious behaviour, persecution, self-promotion, envy and gossip.

Mental bullying has a destructive influence on a good working environment and a good performance.

### *Environment*

Tican's most important environmental risks are CO<sub>2</sub> emission, energy consumption and the noise level of our transport. Within these areas, there have been different initiatives. In connection with desire for more pig transports in the morning hours in Thisted, noise level measurements have been performed, which has resulted in a number of noise reducing measures being taken on several noise sources, including noise barriers placed round parking areas and towards neighbours. By taking these noise-reducing measures, we observe the applicable statutory requirements.

### *Energy reducing actions*

Tican is continuously focused on reducing consumption, but in 2021 this process has been put on hold due to major rebuilds and Covid-19. In the rebuilds in question all possible energy optimisation is considered, which has also been the case in connection with the new buildings in progress in Brørup. Specifically, in 2021, energy optimisation has been performed on domestic water to reduce energy consumption for heating of water.

### *Sustainability*

Tican is part of the Tonnie Group in Germany, and together with these we are working towards the year 2030 to be able to reduce the impact on the environment and climate. We therefore aim to reduce CO emissions by 50 percent compared to 2010, reduce water consumption, and together with the packaging industry to be able to use 100 percent recyclable packaging material. Tican is also part of the collaboration on the use of sustainable and deforestation-free soy for feed. In relation to transport, there will be ongoing changes to fleets that are more fuel efficient up to 40 percent less consumption. Tican is also a member of Danish Agriculture and Food Council and is therefore involved in the process of being climate neutral by 2050. <https://lf.dk/-/media/lf/tal-og->



[analyser/fakta-om-foedevareklyngen/2021/fakta-om-foedevareklyngen-2021.pdf](#).

With our current composition and expectations for the future and the planned operation, Tican believes that the current business model with related guidelines handles the above matters.

#### **Statutory report on the underrepresented gender**

The target ratio of 20% board members of the underrepresented gender among those charged with governance has been achieved as one of the four members of the Board of Directors is female. The target ratio for female executives has likewise been met and is unchanged at 25 percent. Tican will continue its work to increase the ratio of the underrepresented gender at management level, in order to maintain the target of at least 20% female managers during the next three years and hopefully to rise.

As part of the Company's work to increase the diversity of employees, the ambition is also to increase the share of the underrepresented gender, at both employee, management and board levels.

In job advertisements, we encourage candidates of both genders to apply. We continuously focus on leadership potential among employees and offer employees who are interested in managerial development a targeted management programme customised to the individual, including continuous and daily mentoring. During the year, we succeeded in hiring more female employees, but unfortunately, there have been no female applicants for the vacant executive positions. Our internal management development has been limited in 2021 due to Covid-19 restrictions, etc.

#### **Statutory report on data ethics policy**

The Company has no formal written policies for data ethics. However, when determining the Company's business strategies and when performing the Company's activities, Management takes generally accepted principles and sound business ethics into account to a wide extent and ensures that applicable law is always observed. According to Management, there is no need for a data ethics policy at present as data processing is minimal, but Management will reassess the need on an ongoing basis.

#### **Events after the balance sheet date**

Except for the war in Ukraine as described above, no events have occurred after the balance sheet date to this date which would significantly influence the evaluation of this annual report.

# Consolidated income statement for 2021

|   | Notes | 2021<br>DKK'000  | 2020<br>DKK'000 |
|---|-------|------------------|-----------------|
| Revenue                                   | 3     | 8,296,520        | 8,898,250       |
| Production costs                          |       | (7,776,860)      | (8,224,685)     |
| <b>Gross profit/loss</b>                  |       | <b>519,660</b>   | <b>673,565</b>  |
| Distribution costs                        |       | (607,791)        | (535,335)       |
| Administrative expenses                   | 4     | (144,377)        | (128,370)       |
| Other operating income                    |       | 1,213            | 480             |
| Other operating expenses                  |       | (1,385)          | (1,030)         |
| <b>Operating profit/loss</b>              |       | <b>(232,680)</b> | <b>9,310</b>    |
| Income from other fixed asset investments |       | 6,189            | 3,932           |
| Other financial income                    | 6     | 9,459            | 7,609           |
| Other financial expenses                  | 7     | (33,219)         | (29,957)        |
| <b>Profit/loss before tax</b>             |       | <b>(250,251)</b> | <b>(9,106)</b>  |
| Tax on profit/loss for the year           | 8     | (7,281)          | (26,296)        |
| <b>Profit/loss for the year</b>           | 9     | <b>(257,532)</b> | <b>(35,402)</b> |

# Consolidated balance sheet at 31.12.2021

## Assets

|  | Notes | 2021<br>DKK'000 | 2020<br>DKK'000 |
|--|-------|-----------------|-----------------|
| Completed development projects                   | 11    | 417             | 1,241           |
| Goodwill   |       | 42,443          | 48,222          |
| <b>Intangible assets</b>                         | 10    | <b>42,860</b>   | <b>49,463</b>   |
| Land and buildings                               |       | 333,621         | 335,742         |
| Plant and machinery                              |       | 263,020         | 298,733         |
| Other fixtures and fittings, tools and equipment |       | 9,787           | 9,642           |
| Property, plant and equipment in progress        |       | 266,776         | 75,316          |
| <b>Property, plant and equipment</b>             | 12    | <b>873,204</b>  | <b>719,433</b>  |
| Other investments                                |       | 9,646           | 9,646           |
| <b>Financial assets</b>                          | 13    | <b>9,646</b>    | <b>9,646</b>    |
| <b>Fixed assets</b>                              |       | <b>925,710</b>  | <b>778,542</b>  |
| Raw materials and consumables                    |       | 90,902          | 69,088          |
| Work in progress                                 |       | 28,326          | 45,232          |
| Manufactured goods and goods for resale          |       | 389,579         | 461,381         |
| Prepayments for goods                            |       | 4,769           | 1,717           |
| <b>Inventories</b>                               |       | <b>513,576</b>  | <b>577,418</b>  |

|                                    |    |                  |                  |
|------------------------------------|----|------------------|------------------|
| Trade receivables                  |    | 741,837          | 727,380          |
| Receivables from group enterprises |    | 52,403           | 35,861           |
| Other receivables                  |    | 332,825          | 356,839          |
| Tax receivable                     |    | 3,162            | 0                |
| Prepayments                        | 14 | 29,324           | 25,780           |
| <b>Receivables</b>                 |    | <b>1,159,551</b> | <b>1,145,860</b> |
| <hr/>                              |    |                  |                  |
| <b>Cash</b>                        |    | <b>269,850</b>   | <b>273,782</b>   |
| <hr/>                              |    |                  |                  |
| <b>Current assets</b>              |    | <b>1,942,977</b> | <b>1,997,060</b> |
| <hr/>                              |    |                  |                  |
| <b>Assets</b>                      |    | <b>2,868,687</b> | <b>2,775,602</b> |
| <hr/>                              |    |                  |                  |

**Equity and liabilities**

|   | <b>Notes</b> | <b>2021<br/>DKK'000</b> | <b>2020<br/>DKK'000</b> |
|---|--------------|-------------------------|-------------------------|
| Contributed capital                                       |              | 234,164                 | 234,164                 |
| Translation reserve                                       |              | 12,982                  | (37,138)                |
| Reserve for fair value adjustments of hedging instruments |              | 1,263                   | 681                     |
| Reserve for development costs                             |              | 325                     | 969                     |
| Retained earnings   |              | 254,764                 | 512,008                 |
| <b>Equity belonging to Parent's shareholders</b>          |              | <b>503,498</b>          | <b>710,684</b>          |
| <b>Equity belonging to minority interests</b>             |              | <b>7,139</b>            | <b>6,785</b>            |
| <b>Equity</b>   |              | <b>510,637</b>          | <b>717,469</b>          |
| Deferred tax  | 15           | 19,829                  | 18,454                  |
| Other provisions  | 16           | 8,146                   | 4,332                   |
| <b>Provisions</b>   |              | <b>27,975</b>           | <b>22,786</b>           |
| Other payables  |              | 50,347                  | 57,828                  |
| <b>Non-current liabilities other than provisions</b>      | 17           | <b>50,347</b>           | <b>57,828</b>           |
| Lease liabilities   |              | 417                     | 545                     |
| Prepayments received from customers                       |              | 7,607                   | 1,846                   |
| Trade payables  |              | 612,936                 | 533,892                 |
| Payables to group enterprises                             |              | 1,512,288               | 1,273,754               |
| Tax payable   |              | 2,395                   | 664                     |
| Other payables  |              | 144,085                 | 166,818                 |
| <b>Current liabilities other than provisions</b>          |              | <b>2,279,728</b>        | <b>1,977,519</b>        |
| <b>Liabilities other than provisions</b>                  |              | <b>2,330,075</b>        | <b>2,035,347</b>        |
| <b>Equity and liabilities</b>                             |              | <b>2,868,687</b>        | <b>2,775,602</b>        |
| Unusual circumstances                                     | 1            |                         |                         |
| Events after the balance sheet date                       | 2            |                         |                         |
| Staff costs   | 5            |                         |                         |
| Financial instruments                                     | 20           |                         |                         |
| Unrecognised rental and lease commitments                 | 21           |                         |                         |
| Contingent liabilities                                    | 22           |                         |                         |
| Transactions with related parties                         | 23           |                         |                         |
| Group relations   | 24           |                         |                         |

Subsidiaries

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# Consolidated statement of changes in equity for 2021

|   | Contributed capital<br>DKK'000 | Translation reserve<br>DKK'000 | Reserve for fair value adjustments of hedging instruments<br>DKK'000 | Reserve for development costs<br>DKK'000 | Retained earnings<br>DKK'000 |
|---|--------------------------------|--------------------------------|--|--|------------------------------|
| Equity beginning of year                      | 234,164                        | (37,138)                       | 681  | 969                                      | 512,008                      |
| Exchange rate adjustments                     | 0                              | 50,120                         | 0  | 0  | 0                            |
| Fair value adjustments of hedging instruments | 0                              | 0                              | 582  | 0  | 583                          |
| Value adjustments                             | 0                              | 0                              | 0  | 0  | 0                            |
| Transfer to reserves                          | 0                              | 0                              | 0  | (644)                                    | 0                            |
| Dissolution of reserves                       | 0                              | 0                              | 0  | 0  | 62                           |
| Profit/loss for the year                      | 0                              | 0                              | 0  | 0  | (257,889)                    |
| <b>Equity end of year</b>                     | <b>234,164</b>                 | <b>12,982</b>                  | <b>1,263</b>   | <b>325</b>                               | <b>254,764</b>               |

|   | Equity belonging to Parent's shareholders<br>DKK'000 | Equity belonging to minority interests<br>DKK'000 | Total<br>DKK'000 |
|---|--|---|------------------|
| Equity beginning of year                      | 710,684  | 6,785   | 717,469          |
| Exchange rate adjustments                     | 50,120   | 0   | 50,120           |
| Fair value adjustments of hedging instruments | 1,165  | 0   | 1,165            |
| Value adjustments                             | 0  | (3)   | (3)              |
| Transfer to reserves                          | (644)  | 0   | (644)            |
| Dissolution of reserves                       | 62   | 0   | 62               |
| Profit/loss for the year                      | (257,889)  | 357   | (257,532)        |
| <b>Equity end of year</b>                     | <b>503,498</b>                                       | <b>7,139</b>                                      | <b>510,637</b>   |

# Consolidated cash flow statement for 2021

|   | Notes | 2021<br>DKK'000  | 2020<br>DKK'000  |
|---|-------|------------------|------------------|
| Operating profit/loss   |       | (232,680)        | 9,310            |
| Amortisation, depreciation and impairment losses                                  |       | 96,367           | 95,589           |
| Working capital changes   | 19    | 111,719          | 71,543           |
| Other adjustments   |       | 14,472           | (3,213)          |
| <b>Cash flow from ordinary operating activities</b>                               |       | <b>(10,122)</b>  | <b>173,229</b>   |
| Financial income received   |       | 15,395           | 11,541           |
| Financial expenses paid   |       | (30,080)         | (29,957)         |
| Taxes refunded/(paid)   |       | (7,337)          | (29,912)         |
| <b>Cash flows from operating activities</b>                                       |       | <b>(32,144)</b>  | <b>124,901</b>   |
| Acquisition etc. of property, plant and equipment                                 |       | (219,038)        | (195,155)        |
| Sale of property, plant and equipment   |       | 498              | 8,591            |
| Acquisition of fixed asset investments  |       | 0                | (50)             |
| <b>Cash flows from investing activities</b>                                       |       | <b>(218,540)</b> | <b>(186,614)</b> |
| <b>Free cash flows generated from operations and investments before financing</b> |       | <b>(250,684)</b> | <b>(61,713)</b>  |
| Incurrence of debt to group enterprises   |       | 238,534          | 115,349          |
| Lease obligations incurred  |       | (128)            | 163              |
| <b>Cash flows from financing activities</b>                                       |       | <b>238,406</b>   | <b>115,512</b>   |
| <b>Increase/decrease in cash and cash equivalents</b>                             |       | <b>(12,278)</b>  | <b>53,799</b>    |
| Cash and cash equivalents beginning of year                                       |       | 273,782          | 224,213          |
| Currency translation adjustments of cash and cash equivalents                     |       | 8,346            | (4,230)          |
| <b>Cash and cash equivalents end of year</b>                                      |       | <b>269,850</b>   | <b>273,782</b>   |



Cash and cash equivalents at year-end are composed of:

|  |                |                |
|--|----------------|----------------|
| Cash   | 269,850        | 273,782        |
| <b>Cash and cash equivalents end of year</b> | <b>269,850</b> | <b>273,782</b> |

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# Notes to consolidated financial statements

## 1 Unusual circumstances

The group is fully financed by the ultimate parent-company, and the loan-facilities needed for the coming year is in place.

The group expects a modest profit of DKK 0-15m for the financial year 2022 on the assumption of an expected market premium added to quoted price at the level of past years' average.

## 2 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## 3 Revenue

|   | 2021<br>DKK'000  | 2020<br>DKK'000  |
|---|------------------|------------------|
| Revenue, EU/domestic                        | 4,865,432        | 5,407,607        |
| Revenue, non-UE/exports                     | 3,431,088        | 3,490,643        |
| <b>Total revenue by geographical market</b> | <b>8,296,520</b> | <b>8,898,250</b> |
| Fresh Meat division                         | 6,764,987        | 6,811,578        |
| Processing division                         | 1,531,533        | 2,086,672        |
| <b>Total revenue by activity</b>            | <b>8,296,520</b> | <b>8,898,250</b> |

## 4 Fees to the auditor appointed by the Annual General Meeting

|                          | 2021<br>DKK'000 | 2020<br>DKK'000 |
|--------------------------|-----------------|-----------------|
| Statutory audit services | 1,565           | 1,604           |
| Tax services             | 281             | 263             |
| Other services           | 310             | 293             |
|                          | <b>2,156</b>    | <b>2,160</b>    |

## 5 Staff costs

|                             | 2021<br>DKK'000  | 2020<br>DKK'000 |
|-----------------------------|------------------|-----------------|
| Wages and salaries          | 913,220          | 746,619         |
| Pension costs               | 49,475           | 45,570          |
| Other social security costs | 46,013           | 37,945          |
|                             | <b>1,008,708</b> | <b>830,134</b>  |

|   |              |              |
|---|--------------|--------------|
| Number of employees at balance sheet date | <b>2,235</b> | <b>2,160</b> |
|---|--------------|--------------|

|                 | <b>Remuneration<br/>of Manage-<br/>ment<br/>2021<br/>DKK'000</b> | <b>Remuneration<br/>of Manage-<br/>ment<br/>2020<br/>DKK'000</b> |
|-----------------|--|--|
| Executive Board | 5,330  | 5,329  |
|                 | <b>5,330</b>   | <b>5,329</b>   |

The Board of Directors does not receive remuneration.

### 6 Other financial income

|                       | <b>2021<br/>DKK'000</b> | <b>2020<br/>DKK'000</b> |
|-----------------------|-------------------------|-------------------------|
| Other interest income | 9,459                   | 7,609                   |
|                       | <b>9,459</b>            | <b>7,609</b>            |

### 7 Other financial expenses

|   | <b>2021<br/>DKK'000</b> | <b>2020<br/>DKK'000</b> |
|---|-------------------------|-------------------------|
| Financial expenses from group enterprises | 27,285                  | 21,974                  |
| Other interest expenses                   | 5,934                   | 7,983                   |
|   | <b>33,219</b>           | <b>29,957</b>           |

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

|                        | <b>2021<br/>DKK'000</b> | <b>2020<br/>DKK'000</b> |
|------------------------|-------------------------|-------------------------|
| Current tax            | 5,906                   | 25,524                  |
| Change in deferred tax | 1,375                   | 772                     |
|                        | <b>7,281</b>            | <b>26,296</b>           |

### 9 Proposed distribution of profit/loss

|  | <b>2021<br/>DKK'000</b> | <b>2020<br/>DKK'000</b> |
|--|-------------------------|-------------------------|
| Retained earnings                        | (257,889)               | (35,801)                |
| Minority interests' share of profit/loss | 357                     | 399                     |
|  | <b>(257,532)</b>        | <b>(35,402)</b>         |

## 10 Intangible assets

|   | Completed<br>development<br>projects<br>DKK'000 | Goodwill<br>DKK'000 |
|---|---|---------------------|
| Cost beginning of year                                | 29,281  | 214,408             |
| Exchange rate adjustments                             | 1,539   | 15,514              |
| <b>Cost end of year</b>                               | <b>30,820</b>                                   | <b>229,922</b>      |
| Amortisation and impairment losses beginning of year  | (28,040)  | (166,186)           |
| Exchange rate adjustments                             | (1,539)   | (11,973)            |
| Amortisation for the year                             | (824)   | (9,320)             |
| <b>Amortisation and impairment losses end of year</b> | <b>(30,403)</b>                                 | <b>(187,479)</b>    |
| <b>Carrying amount end of year</b>                    | <b>417</b>                                      | <b>42,443</b>       |

## 11 Development projects

Development projects relate to it-projects improving the company's infrastructure. The projects are progressing according to plan through the use of the resources allocated to the development.

## 12 Property, plant and equipment

|   | Land and<br>buildings<br>DKK'000 | Plant and<br>machinery<br>DKK'000 | Other fixtures<br>and fittings,<br>tools and<br>equipment<br>DKK'000 | Property, plant<br>and<br>equipment in<br>progress<br>DKK'000 |
|---|----------------------------------|-----------------------------------|--|---|
| Cost beginning of year                                | 739,477                          | 1,322,635                         | 166,830  | 98,932  |
| Exchange rate adjustments                             | 19,955                           | 23,404                            | 2,111  | 4,259   |
| Transfers   | 10,719                           | 18,077                            | 1,345  | (30,141)  |
| Additions   | 0                                | 220                               | 1,476  | 217,342   |
| Disposals   | 0                                | 0                                 | (1,081)  | 0   |
| <b>Cost end of year</b>                               | <b>770,151</b>                   | <b>1,364,336</b>                  | <b>170,681</b>   | <b>290,392</b>  |
| Depreciation and impairment losses beginning of year  | (403,735)                        | (1,023,902)                       | (157,188)  | (23,616)  |
| Exchange rate adjustments                             | (9,220)                          | (17,810)                          | (1,743)  | 0   |
| Depreciation for the year                             | (23,575)                         | (59,604)                          | (2,632)  | 0   |
| Reversal regarding disposals                          | 0                                | 0                                 | 669  | 0   |
| <b>Depreciation and impairment losses end of year</b> | <b>(436,530)</b>                 | <b>(1,101,316)</b>                | <b>(160,894)</b>   | <b>(23,616)</b>   |
| <b>Carrying amount end of year</b>                    | <b>333,621</b>                   | <b>263,020</b>                    | <b>9,787</b>   | <b>266,776</b>  |
| Recognised assets not owned by Entity                 | 0                                | 0                                 | 417  | 0   |

### 13 Financial assets

|                                    | <b>Other<br/>investments<br/>DKK'000</b> |
|------------------------------------|--|
| Cost beginning of year             | 9,646                                    |
| <b>Cost end of year</b>            | <b>9,646</b>                             |
| <b>Carrying amount end of year</b> | <b>9,646</b>                             |

### 14 Prepayments

Prepayments consists of prepaid expenses.

### 15 Deferred tax

|                                    | <b>2021<br/>DKK'000</b> | <b>2020<br/>DKK'000</b> |
|------------------------------------|-------------------------|-------------------------|
| <b>Changes during the year</b>     |                         |                         |
| Beginning of year                  | 18,454                  | 17,682                  |
| Recognised in the income statement | 1,375                   | 772                     |
| <b>End of year</b>                 | <b>19,829</b>           | <b>18,454</b>           |

Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions.

### 16 Other provisions

Other provisions consists of provisions for customer complaints.

### 17 Non-current liabilities other than provisions

|                | <b>Due after<br/>more than 12<br/>months<br/>2021<br/>DKK'000</b> |
|----------------|---|
| Other payables | 50,347  |
|                | <b>50,347</b>   |

Non-current liabilities are all due within 5 years.

### 18 Payables to group enterprises

The group is financed with loans from the parent company Tönnies Holding GmbH & Co. KG. The loans have after the balance sheet date been prolonged to 31 December 2023.

## 19 Changes in working capital

|  | 2021<br>DKK'000 | 2020<br>DKK'000 |
|--|-----------------|-----------------|
| Increase/decrease in inventories         | 63,842          | (166,345)       |
| Increase/decrease in receivables         | (10,529)        | 234,596         |
| Increase/decrease in trade payables etc. | 58,406          | 3,292           |
|  | <b>111,719</b>  | <b>71,543</b>   |

## 20 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to -1,736 t.DKK.

The Company's accounts in foreign currencies and related hedging transactions are as follows at 31 December 2021 TDKK:

| Currency<br>Payment/maturity | Net position   |
|------------------------------|----------------|
| AUD<br>0-12 months           | 26,810         |
| GBP<br>0-12 months           | (3,112)        |
| JPY<br>0-12 months           | 267,045        |
| USD<br>0-12 months           | 85,497         |
|                              | <b>376,240</b> |

## 21 Unrecognised rental and lease commitments

|   | 2021<br>DKK'000 | 2020<br>DKK'000 |
|---|-----------------|-----------------|
| Total liabilities under rental or lease agreements until maturity | <b>27,819</b>   | <b>26,617</b>   |

## 22 Contingent liabilities

In connection with post-adjustment of the current settled price to Tican's supplier, some suppliers have initiated an arbitration case against Tican, as the supplier is of the opinion that the stated adjustment price per. kg. as Tican has come up with, does not measure up to what you as a supplier perceive the price per kg to be. Tican has recognized an amount in the accounts to handle the expected legal costs.

## 23 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

For trade between related parties, or when related parties perform work for another Company, settlement takes place on marketbased conditions or on a cost recovery basis. Trading is conducted in accordance with a

contractual agreement with the companies, unless the transactions are insignificant.

In addition, no transactions with the Board of Directors, the Supervisory Board, senior executives, affiliated companies or other related parties were carried during the year, except for intercompany transactions and normal management remuneration.

## 24 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Tönnies Holding GmbH & Co. KG, Germany

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Tönnies Holding GmbH & Co. KG, Germany

The consolidated financial statements of Tönnies Holding GmbH & Co. KG, may be ordered at this address:

In der Mark 2  
33378 Rheda-Wiedenbrück  
Germany

## 25 Subsidiaries

|                             | Registered in | Corporate form | Ownership % |
|-----------------------------|---------------|----------------|-------------|
| Tican (UK) Holdings Ltd.    | UK            | Ltd.           | 100         |
| Tican UK Ltd.               | UK            | Ltd.           | 100         |
| Tican Chilled Ltd.          | UK            | Ltd.           | 100         |
| Tican-Rose G.m.b.H.         | Germany       | G.m.b.H        | 50*         |
| Tican Process Holdings Ltd. | UK            | Ltd.           | 100         |
| Direct Table Foods Ltd.     | UK            | Ltd.           | 100         |
| Pro-Pak Foods Ltd.          | UK            | Ltd.           | 100         |

\*Tican-Rose G.m.b.H is a subsidiary due to a shareholder agreement.

# Parent income statement for 2021

|  | Notes | 2021<br>DKK'000  | 2020<br>DKK'000  |
|--|-------|------------------|------------------|
| Revenue                                      | 3     | 6,058,166        | 6,198,781        |
| Production costs                             |       | (5,750,234)      | (5,834,912)      |
| <b>Gross profit/loss</b>                     |       | <b>307,932</b>   | <b>363,869</b>   |
| Distribution costs                           |       | (473,268)        | (397,569)        |
| Administrative expenses                      | 4     | (84,235)         | (76,001)         |
| Other operating income                       |       | 857              | 2,014            |
| Other operating expenses                     |       | (38)             | (379)            |
| <b>Operating profit/loss</b>                 |       | <b>(248,752)</b> | <b>(108,066)</b> |
| Income from investments in group enterprises |       | 9,028            | 85,630           |
| Income from other fixed asset investments    |       | 6,189            | 3,932            |
| Other financial income                       | 6     | 6,682            | 7,833            |
| Other financial expenses                     | 7     | (31,035)         | (25,019)         |
| <b>Profit/loss before tax</b>                |       | <b>(257,888)</b> | <b>(35,690)</b>  |
| Tax on profit/loss for the year              | 8     | 0                | (112)            |
| <b>Profit/loss for the year</b>              | 9     | <b>(257,888)</b> | <b>(35,802)</b>  |



# Parent balance sheet at 31.12.2021

## Assets

|  | Notes | 2021<br>DKK'000  | 2020<br>DKK'000  |
|--|-------|------------------|------------------|
| Completed development projects                   | 11    | 417              | 1,241            |
| <b>Intangible assets</b>                         | 10    | <b>417</b>       | <b>1,241</b>     |
| Land and buildings                               |       | 192,607          | 196,014          |
| Plant and machinery                              |       | 189,890          | 222,052          |
| Other fixtures and fittings, tools and equipment |       | 3,444            | 3,816            |
| Property, plant and equipment in progress        |       | 163,358          | 21,171           |
| <b>Property, plant and equipment</b>             | 12    | <b>549,299</b>   | <b>443,053</b>   |
| Investments in group enterprises                 |       | 709,305          | 650,157          |
| Other investments                                |       | 9,646            | 9,646            |
| <b>Financial assets</b>                          | 13    | <b>718,951</b>   | <b>659,803</b>   |
| <b>Fixed assets</b>                              |       | <b>1,268,667</b> | <b>1,104,097</b> |
| Raw materials and consumables                    |       | 7,063            | 6,571            |
| Work in progress                                 |       | 17,485           | 18,201           |
| Manufactured goods and goods for resale          |       | 361,985          | 432,048          |
| <b>Inventories</b>                               |       | <b>386,533</b>   | <b>456,820</b>   |
| Trade receivables                                |       | 423,077          | 319,282          |
| Receivables from group enterprises               |       | 181,095          | 146,660          |
| Other receivables                                |       | 158,556          | 200,153          |
| Tax receivable                                   |       | 2,586            | 637              |
| Prepayments                                      | 14    | 2,469            | 2,964            |
| <b>Receivables</b>                               |       | <b>767,783</b>   | <b>669,696</b>   |
| <b>Cash</b>                                      |       | <b>62,336</b>    | <b>158,022</b>   |
| <b>Current assets</b>                            |       | <b>1,216,652</b> | <b>1,284,538</b> |
| <b>Assets</b>                                    |       | <b>2,485,319</b> | <b>2,388,635</b> |

**Equity and liabilities**

|  | <b>Notes</b> | <b>2021<br/>DKK'000</b> | <b>2020<br/>DKK'000</b> |
|--|--------------|-------------------------|-------------------------|
| Contributed capital  |              | 234,164                 | 234,164                 |
| Reserve for fair value adjustments and hedging instruments |              | 1,263                   | 681                     |
| Reserve for net revaluation according to equity method     |              | 340,670                 | 281,522                 |
| Reserve for development costs                              |              | 325                     | 969                     |
| Retained earnings  |              | (72,924)                | 193,349                 |
| <b>Equity</b>  |              | <b>503,498</b>          | <b>710,685</b>          |
| Other provisions   | 15           | 5,630                   | 2,000                   |
| <b>Provisions</b>  |              | <b>5,630</b>            | <b>2,000</b>            |
| Other payables   |              | 50,347                  | 57,828                  |
| <b>Non-current liabilities other than provisions</b>       | 16           | <b>50,347</b>           | <b>57,828</b>           |
| Lease liabilities  |              | 417                     | 545                     |
| Prepayments received from customers                        |              | 7,606                   | 1,846                   |
| Trade payables   |              | 349,978                 | 265,261                 |
| Payables to group enterprises                              | 17           | 1,464,652               | 1,228,634               |
| Other payables   | 18           | 103,191                 | 121,836                 |
| <b>Current liabilities other than provisions</b>           |              | <b>1,925,844</b>        | <b>1,618,122</b>        |
| <b>Liabilities other than provisions</b>                   |              | <b>1,976,191</b>        | <b>1,675,950</b>        |
| <b>Equity and liabilities</b>                              |              | <b>2,485,319</b>        | <b>2,388,635</b>        |
| Unusual circumstances                                      | 1            |                         |                         |
| Events after the balance sheet date                        | 2            |                         |                         |
| Staff costs  | 5            |                         |                         |
| Financial instruments                                      | 19           |                         |                         |
| Unrecognised rental and lease commitments                  | 20           |                         |                         |
| Contingent liabilities                                     | 21           |                         |                         |
| Related parties with controlling interest                  | 22           |                         |                         |
| Transactions with related parties                          | 23           |                         |                         |

# Parent statement of changes in equity for 2021

|   | Contributed capital<br>DKK'000 | Reserve for fair value adjustments of hedging instruments<br>DKK'000 | Reserve for net revaluation according to the equity method<br>DKK'000 | Reserve for development costs<br>DKK'000 | Retained earnings<br>DKK'000 |
|---|--------------------------------|--|---|--|------------------------------|
| Equity beginning of year                      | 234,164                        | 681  | 281,522   | 969                                      | 193,349                      |
| Exchange rate adjustments                     | 0                              | 0  | 50,119  | 0  | 0                            |
| Fair value adjustments of hedging instruments | 0                              | 582  | 0   | 0  | 0                            |
| Transfer to reserves                          | 0                              | 0  | 0   | (644)                                    | 644                          |
| Profit/loss for the year                      | 0                              | 0  | 9,029   | 0  | (266,917)                    |
| <b>Equity end of year</b>                     | <b>234,164</b>                 | <b>1,263</b>   | <b>340,670</b>  | <b>325</b>                               | <b>(72,924)</b>              |

|   | Total<br>DKK'000 |
|---|------------------|
| Equity beginning of year                      | 710,685          |
| Exchange rate adjustments                     | 50,119           |
| Fair value adjustments of hedging instruments | 582              |
| Transfer to reserves                          | 0                |
| Profit/loss for the year                      | (257,888)        |
| <b>Equity end of year</b>                     | <b>503,498</b>   |

The share capital consists of 234,164,000 shares of a nominal value of DKK 1,000. No shares carry any special rights.

# Notes to parent financial statements

## 1 Unusual circumstances

The company is fully financed by the parent-company, and the loan-facilities needed for the coming year is in place.

The company expects a modest profit of DKK 0-15m before income from investments in subsidiaries for the financial year 2022 on the assumption of an expected market premium added to quoted price at the level of past years' average.

## 2 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## 3 Revenue

|   | 2021<br>DKK'000  | 2020<br>DKK'000  |
|---|------------------|------------------|
| Revenue, EU/domestic                        | 298,089          | 291,971          |
| Revenue, non-EU/exports                     | 5,760,077        | 5,906,810        |
| <b>Total revenue by geographical market</b> | <b>6,058,166</b> | <b>6,198,781</b> |
| Fresh Meat division                         | 6,058,166        | 6,198,781        |
| <b>Total revenue by activity</b>            | <b>6,058,166</b> | <b>6,198,781</b> |

## 4 Fees to the auditor appointed by the Annual General Meeting

|                          | 2021<br>DKK'000 | 2020<br>DKK'000 |
|--------------------------|-----------------|-----------------|
| Statutory audit services | 670             | 671             |
| Other services           | 226             | 200             |
|                          | <b>896</b>      | <b>871</b>      |

## 5 Staff costs

|                                       | 2021<br>DKK'000 | 2020<br>DKK'000 |
|---------------------------------------|-----------------|-----------------|
| Wages and salaries                    | 556,828         | 504,602         |
| Pension costs                         | 42,671          | 39,242          |
| Other social security costs           | 24,412          | 19,489          |
|                                       | <b>623,911</b>  | <b>563,333</b>  |
| Average number of full-time employees | <b>1,122</b>    | <b>1,030</b>    |

|                 | <b>Remuneration<br/>of Management<br/>2021<br/>DKK'000</b> | <b>Remuneration<br/>of Management<br/>2020<br/>DKK'000</b> |
|-----------------|--|--|
| Executive Board | 5,330  | 5,329  |
|                 | <b>5,330</b>   | <b>5,329</b>   |

The Board of Directors does not receive remuneration.

## 6 Other financial income

|   | <b>2021<br/>DKK'000</b> | <b>2020<br/>DKK'000</b> |
|---|-------------------------|-------------------------|
| Financial income from group enterprises | 4,229                   | 3,949                   |
| Exchange rate adjustments               | 253                     | 0                       |
| Other financial income                  | 2,200                   | 3,884                   |
|   | <b>6,682</b>            | <b>7,833</b>            |

## 7 Other financial expenses

|   | <b>2021<br/>DKK'000</b> | <b>2020<br/>DKK'000</b> |
|---|-------------------------|-------------------------|
| Financial expenses from group enterprises | 27,285                  | 21,974                  |
| Exchange rate adjustments                 | 215                     | 690                     |
| Other financial expenses                  | 3,535                   | 2,355                   |
|   | <b>31,035</b>           | <b>25,019</b>           |

## 8 Tax on profit/loss for the year

|                                      | <b>2021<br/>DKK'000</b> | <b>2020<br/>DKK'000</b> |
|--------------------------------------|-------------------------|-------------------------|
| Adjustment concerning previous years | 0                       | 112                     |
|                                      | <b>0</b>                | <b>112</b>              |

## 9 Proposed distribution of profit and loss

|                   | <b>2021<br/>DKK'000</b> | <b>2020<br/>DKK'000</b> |
|-------------------|-------------------------|-------------------------|
| Retained earnings | (257,888)               | (35,802)                |
|                   | <b>(257,888)</b>        | <b>(35,802)</b>         |

**10 Intangible assets**

|   | <b>Completed<br/>development<br/>projects<br/>DKK'000</b> |
|---|---|
| Cost beginning of year                                | 9,725   |
| <b>Cost end of year</b>                               | <b>9,725</b>  |
| Amortisation and impairment losses beginning of year  | (8,484)   |
| Amortisation for the year                             | (824)   |
| <b>Amortisation and impairment losses end of year</b> | <b>(9,308)</b>  |
| <b>Carrying amount end of year</b>                    | <b>417</b>  |

## 11 Development projects

Development projects relate to it-projects improving the company's infrastructure. The projects are progressing according to plan through the use of the resources allocated to the development.

## 12 Property, plant and equipment

|   | Land and<br>buildings<br>DKK'000 | Plant and<br>machinery<br>DKK'000 | Other fixtures<br>and fittings,<br>tools and<br>equipment<br>DKK'000 | Property, plant<br>and<br>equipment in<br>progress<br>DKK'000 |
|---|----------------------------------|-----------------------------------|--|---|
| Cost beginning of year                                    | 485,887                          | 1,014,566                         | 129,618  | 44,787  |
| Transfers   | 10,719                           | 11,315                            | 0  | (22,034)  |
| Additions   | 0                                | 221                               | 498  | 164,221   |
| Disposals   | 0                                | 0                                 | (756)  | 0   |
| <b>Cost end of year</b>                                   | <b>496,606</b>                   | <b>1,026,102</b>                  | <b>129,360</b>   | <b>186,974</b>  |
| Depreciation and impairment losses<br>beginning of year   | (289,873)                        | (792,514)                         | (125,802)  | (23,616)  |
| Depreciation for the year                                 | (14,126)                         | (43,698)                          | (481)  | 0   |
| Reversal regarding disposals                              | 0                                | 0                                 | 367  | 0   |
| <b>Depreciation and impairment losses end<br/>of year</b> | <b>(303,999)</b>                 | <b>(836,212)</b>                  | <b>(125,916)</b>   | <b>(23,616)</b>   |
| <b>Carrying amount end of year</b>                        | <b>192,607</b>                   | <b>189,890</b>                    | <b>3,444</b>   | <b>163,358</b>  |
| Recognised assets not owned by entity                     | 0                                | 0                                 | 417  | 0   |

## 13 Financial assets

|  | Investments in<br>group<br>enterprises<br>DKK'000 | Other<br>investments<br>DKK'000 |
|--|---|---------------------------------|
| Cost beginning of year   | 155,918   | 9,646                           |
| Exchange rate adjustments  | 12,189  | 0                               |
| <b>Cost end of year</b>  | <b>168,107</b>                                    | <b>9,646</b>                    |
| Revaluations beginning of year                                     | 494,239   | 0                               |
| Exchange rate adjustments  | 37,930  | 0                               |
| Amortisation of goodwill   | (1,516)   | 0                               |
| Share of profit/loss for the year                                  | 10,545  | 0                               |
| <b>Revaluations end of year</b>                                    | <b>541,198</b>                                    | <b>0</b>                        |
| <b>Carrying amount end of year</b>                                 | <b>709,305</b>                                    | <b>9,646</b>                    |
| Goodwill or negative goodwill recognised during the financial year | 8,958   |                                 |

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

## 14 Prepayments

Prepayments consist of prepaid expenses.

### 15 Other provisions

Other provisions consists of provisions for customer complaints.

### 16 Non-current liabilities other than provisions

|                | <b>Due after<br/>more than 12<br/>months<br/>2021<br/>DKK'000</b> |
|----------------|---|
| Other payables | 50,347  |
|                | <b>50,347</b>   |

Non-current liabilities are all due within 5 years.

### 17 Payables to group enterprises

The company is financed with loans from the parent company Tönnies Holding GmbH & Co.

### 18 Other payables

|  | <b>2021<br/>DKK'000</b> | <b>2020<br/>DKK'000</b> |
|--|-------------------------|-------------------------|
| Wages and salaries, personal income taxes, social security costs, etc. payable | 81,290                  | 100,745                 |
| Holiday pay obligation   | 12,842                  | 858                     |
| Other costs payable  | 9,059                   | 20,233                  |
|  | <b>103,191</b>          | <b>121,836</b>          |

### 19 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded.

The Company has entered into forward exchange contracts to hedge sales future sales in foreign currency cf. above. Compared with the forward rate on the balance sheet date, the contracts have a positive fair value of approximately DKK'000 -1,736 (DKK'000 7,077 in 2020)

### 20 Unrecognised rental and lease commitments

|   | <b>2021<br/>DKK'000</b> | <b>2020<br/>DKK'000</b> |
|---|-------------------------|-------------------------|
| Total liabilities under rental or lease agreements until maturity | <b>13,064</b>           | <b>8,524</b>            |

### 21 Contingent liabilities

In connection with post-adjustment of the current settled price to Tican's supplier, some suppliers have initiated an arbitration case against Tican, as the supplier is of the opinion that the stated adjustment price per. kg. as Tican has come up with, does not measure up to what you as a supplier perceive the price per kg to be. Tican has recognized an amount in the accounts to handle the expected legal costs.

### 22 Related parties with controlling interest

Tönnies International Holding G.m.b.H. owns all shares in the Entity, thus exercising control.



**23 Non-arm's length related party transactions**

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year

For trade between related parties, or when related parties perform work for another Company, settlement takes place on marketbased conditions or on a cost recovery basis. Trading is conducted in accordance with a contractual agreement with the companies, unless the transactions are insignificant.

In addition, no transactions with the Board of Directors, the Supervisory Board, senior executives, affiliated companies or other related parties were carried during the year, except for intercompany transactions and normal management remuneration.

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

### **Basis of consolidation**

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

### **Business combinations**

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc. in which the enterprises concerned are controlled by the Parent. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity. The comparative figures are restated.

### **Foreign currency translation**

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the

balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

### **Derivative financial instruments**

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

## **Income statement**

### **Revenue**

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

### **Production costs**

Production costs comprise expenses incurred to earn revenue for the financial year.

Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

**Distribution costs**

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc., and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

**Administrative expenses**

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

**Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

**Other operating expenses**

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

**Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

**Income from other fixed asset investments**

Income from other fixed asset investments comprises gains in the form of interest, dividends, etc. on fixed asset investments which are not investments in group enterprises or associates.

**Other financial income**

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

**Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

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

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

**Balance sheet****Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by

Management for each business area. Useful lives are reassessed annually. The amortisation periods used are 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

#### **Intellectual property rights etc.**

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 5 years.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

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

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

|  |             |
|--|-------------|
| Buildings  | 20-25 years |
| Plant and machinery                              | 7-10 years  |
| Other fixtures and fittings, tools and equipment | 3-5 years   |

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

**Investments in group enterprises**

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

**Other investments**

Other investments comprise unlisted equity investments measured at the lower of cost and net realisable value.

**Inventories**

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

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

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

**Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Minority interests**

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Other provisions**

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

**Lease liabilities**

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.



**Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.