TICAN FRESH MEAT A/S

Strandvejen 6, DK-7700 Thisted

Annual Report for 2022

CVR No. 26 78 65 76

The Annual Report was presented and adopted at the Annual General Meeting of the company on 28/6 2023

Jens Røjkjær Lyhne
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Consolidated Financial Statements and Parent Company Financial Statements of TICAN FRESH MEAT A/S for the financial year 1 January - 31 December 2022.

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

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

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

We recommend that the Consolidated Financial Statements and Parent Company Financial Statements be adopted at the Annual General Meeting.

Executive Board

Steen Ingemann Sønnichsen

Jens Røjkjær Lyhne

Board of Directors

Steen Ingemann Sønnichsen

Frank Duffe

Jacqueline Nowack

Carl Ernst Bürger
Chairman

Independent Auditor's report

To the shareholder of TICAN FRESH MEAT A/S

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of TICAN FRESH MEAT A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Group´s and the Parent Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor’s responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s and the Parent Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s and the Parent Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Holstebro, 28 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Kim Vorret
State Authorised Public Accountant
mne33256

Company information

The Company	TICAN FRESH MEAT A/S Strandvejen 6 DK-7700 Thisted Telephone: 99192300 Email: TICAN@TICAN.DK Website: www.tican.dk CVR No: 26 78 65 76 Financial period: 1 January - 31 December Municipality of reg. office: Thisted
Board of Directors	Steen Ingemann Sønnichsen Frank Duffe Jacqueline Nowack Carl Ernst Bürger, chairman
Executive Board	Steen Ingemann Sønnichsen Jens Røjkjær Lyhne
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Hjaltesvej 16 7500 Holstebro

Group Chart

Company	Residence	Ownership
TICAN FRESH MEAT A/S	**Denmark**	
Tican (UK) Holdings Ltd.	UK	100
Tican UK Ltd.	UK	100
Tican Chilled Ltd.	UK	100
Tican Process Holdings Ltd.	UK	100
Direct Table Foods Ltd.	UK	100
Pro-Pak Foods Ltd.	UK	100
Tican-Rose G.m.b.H. *	Germany	50
Moesgaard Meat 2012 A/S	Denmark	60
HP Production ApS	Denmark	60
Ejendomsselskabet Moesgaard Meat ApS	Denmark	60

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

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	8,627,433	8,296,520	8,898,250	7,825,539	6,606,493
Gross profit/loss	847,742	633,732	673,565	742,926	620,338
Profit/loss of ordinary primary operations	51,581	-238,475	9,310	237,966	153,100
Profit/loss of financial income and expenses	-33,234	-17,571	-18,416	-4,310	-20,452
Net profit/loss	30,245	-257,532	-35,402	208,094	89,483
Balance sheet					
Balance sheet total	3,287,557	2,868,687	2,775,600	2,732,622	2,188,282
Investment in property, plant and equipment	229,931	76,846	-186,614	-56,825	-59,744
Equity	506,188	510,637	717,469	789,352	549,906
Number of employees	2,160	2,235	2,160	2,102	1,974
Ratios					
Gross margin	9.8%	7.6%	7.6%	9.5%	9.4%
Profit margin	0.8%	-2.8%	0.1%	1.8%	0.8%
Return on assets	2.1%	-8.1%	0.3%	5.3%	2.5%
Solvency ratio	15.4%	17.8%	25.8%	28.9%	25.1%
Return on equity	5.9%	-41.9%	-4.7%	31.1%	17.5%

Management's review

The Annual Report for 2022 of Tican Fresh Meat A/S (Tican) are defined and calculated in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (large).

Key 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 2022 shows a profit of DKK 30,345k, and the consolidated balance sheet on 31 December 2022 shows equity of DKK 506,188k.

The Company merged with SB Pork A/S and Tican A/S with effect from 1 January 2018. Financial highlights for the years 2019 and 2018 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 optimization 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., realized unsatisfactory results for 2022.

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

The Group has acquired 60% of the capital shares in Moesgaard Meat Group per 1 May 2022. Activity in the acquired group has been as expected in 2022.

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

This year and follow-up on last year in relation to expected developments

Revenue in 2022 amounted to DKK 8,627,433k against DKK 8,296,520k in 2021, equal to an increase of 4.0%. The increase in revenue is attributable to higher pricing and the acquisition of Moesgaard Meat Group. The slaughtering kilos has decreased in 2022. Quotations for slaughter pigs were on average approx. 12,3% higher than 2021.

The conditions for carrying on pig farming activities have been very difficult for several years and have presented significant challenges for the farmers. As mentioned, the settlement price has increased in 2022. The increased export of piglets to especially Poland and Germany have, despite the fact of higher settlement prices, lead to a total production of slaughter pigs of DKK 17.8 million in Denmark in 2022, and thus a decrease of DKK 0,7 million slaughter pigs compared to 2021. Expectation for the coming year is a continuing decrease in the number of slaughtering' in Denmark.

The year profit in the Group after taxes are DKK 30,245k is regarded as satisfactory, in consideration of the year loss of 2021 at DKK 257,532k.

Capital resources

The Company´s equity amounts to DKK 506,188k and the capital resources are improved, because of the positive profit in the financial year.

Special risks – operating risks and financial risks

Operating risks

As a global food company, Tican is exposed to several 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. Likewise, the entity in Brørup has been certified under GRMS. 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.

Utilization 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 utilization, 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. Several 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 several 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 1.8 billion on 31 December 2022. A change in the interest rate of 1 pct. will affect the results for the year by DKK 17 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 unutilized 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

The Group´s assets, liabilities and financial position on 31 December 2022 and its results of operations and cashflow for 2022 have not been affected by any unusual circumstances.

Strategy and targets

Targets and expectation in the next year

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

The Company expects a modest profit of DKK 0-15 million before income from investments in subsidiaries for the financial year 2023 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 expectations for the future continue to be negatively affected because of the war in Ukraine and development in Danish Agriculture. However, it is too early to say how big these consequences will be for the Group's expectations. So far, it has been possible to maintain a reasonably normal production at the Group´s Danish and foreign production sites.

Basis of the revenue

Knowledge resources

The Company 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 special tasks, which serve as the basis for the Company’s activities.

Research and development

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

Statutory report on corporate social responsibility, acc. The Danish Financial Statements Act § 99 a

Business model

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

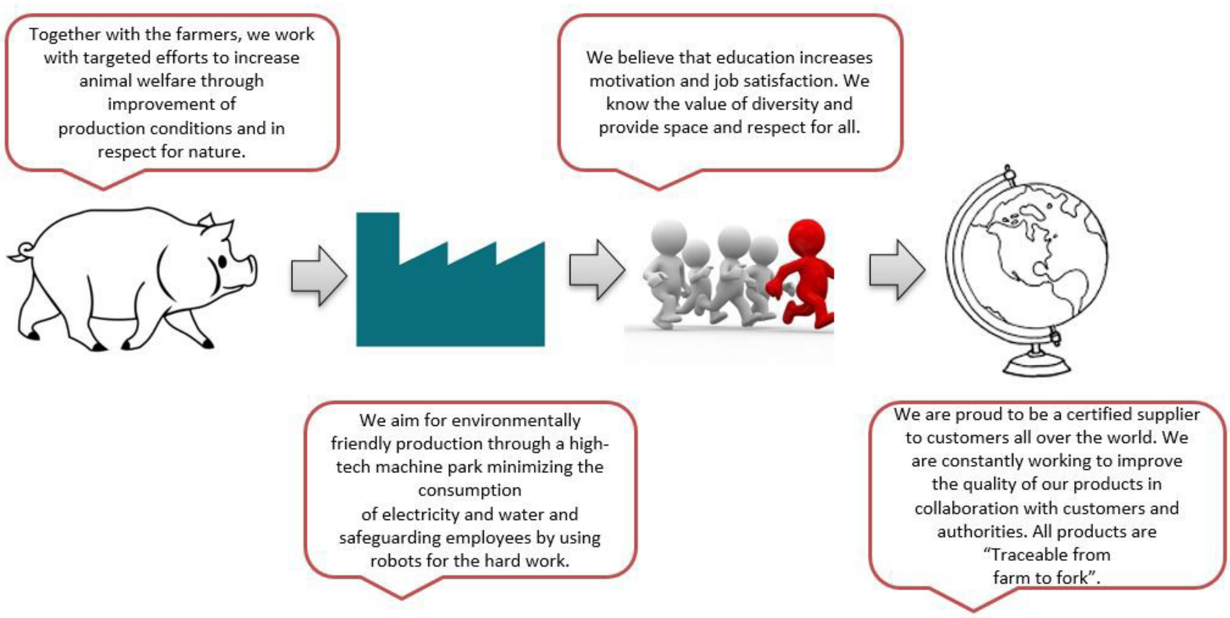
Export to some of the most quality-conscious markets in the world guarantees a constant focus on quality and food safety.

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 customized 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 receive only 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 organization 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 characterized 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 2022, Tican was certified under BRC and GRMS, and the certificates 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 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 con- siders 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 considering 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

Commerce 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 characterized 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 re- strictive trading practices. No employee of the Company are 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 recognizes 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 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 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 2022, we did not have any employees below the age of 14.

Freedom of association

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

Working conditions

Working hours follow national legislation and agreements. Regular overtime is not allowed. Wages, services, and overtime follow 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 2022 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 2021 to 2022. 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, e.g., unrelenting focus on technological development to promote good health and to prevent accidents and work-related injuries resulting from the work performed.

Labor

No form of forced labor or labor as a penal sanction is accepted. No employee can be forced to transfer valuables or identity documents to his or her employer. No child labor 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 supports and respects internationally declared human rights. We work actively to ensure that all employees are treated fairly, equally and with respect. No employees under the age of 14 are employed, and the risk is considered low as everyone who is employed has their age verified through their social security number. This is checked every month in 2022. For the year 2023, no changes are expected to occur in the way we work and handle this.

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 behavior, 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 significant environmental risks are CO2 emissions, energy consumption and the noise level of our transport. Within these areas, various initiatives have been initiated, among other things, fencing has been erected around areas to the company's neighbours. With these noise-reducing measures, we comply with the applicable legal requirements. In 2022 work has been done to reduce CO2 and energy, this has also resulted in a smaller emission, but measured in relation to the total consumption at the locations, it has had a limited effect measured on the total emission which is why Tican considers that work must be done on a further emission reduction. The work to reduce emissions will therefore continue in 2023.

Energy reducing actions

Tican is continuously focused on reducing consumption, in the rebuilds in question all possible energy optimization is considered, which has also happened, among other things, in connection with optimization of current buildings in both Thisted and Brørup.

Sustainability

Tican is part of the Tönnies 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, cf. Section 99 b of the Financial Statements Act

The target ratio of 20 percent 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, to maintain the target of at least 20 percent 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 programmed customized to the individual, including continuous and daily mentoring. During the year, we succeeded in hiring more female employees, but unfortunate we had no vacant executive positions. Our internal management development has finally started in 2022, after being limited due to Covid-19 restrictions.

Statutory report on data ethics policy, cf. Section 99 b of the Financial Statements Act

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

After year-end the group lost an arbitration case started in previous year with some of Tican's supplier. The suppliers believed the stated adjustment price per. kg. as Tican has come up with, did not measure up to what you as a supplier perceive the price per kg to be. Per 31 December 2022 Tican has already recognized an expected amount in the accounts to fulfil any cost relating to the case.

The group is financed with loans from the parent company Tönnies Holding GmbH & Co. KG. After the balance sheet date, the loans have been extended and the loan-facilities needed for the coming year is in place.

After year-end the group has acquired all shares in Tican-Rose GmbH.

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

Income statement 1 January - 31 December

	Note	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Revenue	2	8,627,433	8,296,520	6,087,493	6,058,166
Production expenses	3	-7,779,691	-7,662,788	-5,455,815	-5,754,271
Gross profit		**847,742**	**633,732**	**631,678**	**303,895**
Distribution expenses	3	-620,131	-661,512	-460,042	-473,268
Administrative expenses	3	-176,030	-210,695	-105,969	-86,165
Operating profit/loss		**51,581**	**-238,475**	**65,667**	**-255,538**
Other operating income		19,733	7,180	7,164	6,824
Other operating expenses		-2,455	-1,385	0	-38
Profit/loss before financial income and expenses		**68,859**	**-232,680**	**72,831**	**-248,752**
Income from investments in subsidiaries	5	0	0	-20,191	9,028
Financial income	6	9,227	15,648	9,596	12,871
Financial expenses	7	-42,461	-33,219	-38,245	-31,035
Profit/loss before tax		**35,625**	**-250,251**	**23,991**	**-257,888**
Tax on profit/loss for the year	8	-5,380	-7,281	0	0
Net profit/loss for the year	9	**30,245**	**-257,532**	**23,991**	**-257,888**

Balance sheet 31 December

Assets

		Group		Parent company	
	Note	2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Completed development projects		5,725	417	5,726	417
Goodwill		69,657	42,443	38,645	0
Intangible assets	10	**75,382**	**42,860**	**44,371**	**417**
Land and buildings		403,777	333,621	224,254	192,607
Plant and machinery		434,168	263,020	309,230	189,890
Other fixtures and fittings, tools and equipment		11,149	9,787	157	3,444
Leasehold improvements		2,223	0	0	0
Property, plant and equipment in progress		44,261	266,776	22,481	163,358
Property, plant and equipment	11	**895,578**	**873,204**	**556,122**	**549,299**
Investments in subsidiaries	12	0	0	663,263	709,305
Other investments	13	9,646	9,646	9,646	9,646
Fixed asset investments		**9,646**	**9,646**	**672,909**	**718,951**
Fixed assets		**980,606**	**925,710**	**1,273,402**	**1,268,667**
Inventories	14	**397,499**	**513,576**	**259,306**	**386,533**
Trade receivables		1,104,001	741,837	689,697	423,077
Receivables from group enterprises		41,138	52,403	176,459	181,095
Other receivables	19	360,230	332,825	190,262	158,557
Corporation tax		1,870	3,162	1,573	2,586
Prepayments	15	33,084	29,324	2,632	2,469
Receivables		**1,540,323**	**1,159,551**	**1,060,623**	**767,784**
Cash at bank and in hand		**369,129**	**269,850**	**175,217**	**62,336**
Current assets		**2,306,951**	**1,942,977**	**1,495,146**	**1,216,653**
Assets		**3,287,557**	**2,868,687**	**2,768,548**	**2,485,320**

Balance sheet 31 December

Liabilities and equity

	Note	Group 2022	Group 2021	Parent company 2022	Parent company 2021
		TDKK	TDKK	TDKK	TDKK
Share capital		234,164	234,164	234,164	234,164
Reserve for net revaluation under the equity method		0	0	282,766	340,670
Reserve for development costs		4,466	325	4,466	325
Reserve for hedging transactions		-3,651	1,263	-3,651	1,263
Reserve for exchange rate conversion		-24,731	12,982	0	0
Retained earnings		274,614	254,764	-32,883	-72,924
Equity attributable to shareholders of the Parent Company		**484,862**	**503,498**	**484,862**	**503,498**
Minority interests		21,326	7,139	0	0
Equity		**506,188**	**510,637**	**484,862**	**503,498**
Provision for deferred tax	16	20,655	19,829	0	0
Other provisions	17	82,857	8,146	80,483	5,630
Provisions		**103,512**	**27,975**	**80,483**	**5,630**
Other payables		51,757	50,347	51,757	50,347
Long-term debt	18	**51,757**	**50,347**	**51,757**	**50,347**
Lease obligations	18	136	417	136	417
Prepayments received from customers		0	7,607	0	7,606
Trade payables		623,977	612,936	312,723	349,978
Payables to group enterprises		1,820,326	1,512,288	1,775,982	1,464,652
Corporation tax		3,419	2,395	0	0
Other payables	18, 19	176,726	144,085	62,605	103,192
Deferred income	20	1,516	0	0	0
Short-term debt		**2,626,100**	**2,279,728**	**2,151,446**	**1,925,845**
Debt		**2,677,857**	**2,330,075**	**2,203,203**	**1,976,192**
Liabilities and equity		**3,287,557**	**2,868,687**	**2,768,548**	**2,485,320**

Balance sheet 31 December

Statement of changes in equity

Group

	Share capital	Reserve for development costs	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	234,164	325	1,263	12,982	254,764	503,498	7,139	510,637
Exchange adjustments	0	0	-4,914	-37,713	0	-42,627	0	-42,627
Additions during the year	0	0	0	0	0	0	7,933	7,933
Development costs for the year	0	5,085	0	0	-4,141	0	0	944
Depreciation, amortisation and impairment for the year	0	-944	0	0	0	0	0	-944
Net profit/loss for the year	0	0	0	0	23,991	23,991	6,254	30,245
Equity at 31 December	**234,164**	**4,466**	**-3,651**	**-24,731**	**274,614**	**484,862**	**21,326**	**506,188**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	234,164	340,670	325	1,263	-72,924	503,498	0	503,498
Exchange adjustments	0	0	0	-4,914	0	-4,914	0	-4,914
Exchange adjustments relating to foreign entities	0	-37,713	0	0	0	-37,713	0	-37,713
Development costs for the year	0	0	5,085	0	-4,141	0	0	944
Depreciation, amortisation and impairment for the year	0	0	-944	0	0	0	0	-944
Net profit/loss for the year	0	-20,191	0	0	44,182	23,991	0	23,991
Equity at 31 December	**234,164**	**282,766**	**4,466**	**-3,651**	**-32,883**	**484,862**	**0**	**484,862**

Cash flow statement 1 January - 31 December

	Note	Group 2022	Group 2021
		TDKK	TDKK
Result of the year		30,245	-257,532
Adjustments	21	148,376	121,219
Change in working capital	22	-167,133	126,191
Cash flow from operations before financial items		**11,488**	**-10,122**
Financial income		9,227	15,395
Financial expenses		-42,461	-21,734
Cash flows from ordinary activities		**-21,746**	**-16,461**
Corporation tax paid		-7,188	-7,337
Cash flows from operating activities		**-28,934**	**-23,798**
Purchase of intangible assets		-6,828	0
Purchase of property, plant and equipment		-127,537	-219,038
Sale of property, plant and equipment		0	498
Business acquisition		-54,872	0
Cash flows from investing activities		**-189,237**	**-218,540**
Repayment of loans from credit institutions		1,359	0
Reduction of lease obligations		-281	-128
Repayment of other long-term debt		1,410	0
Raising of payables to group enterprises		314,962	238,534
Cash flows from financing activities		**317,450**	**238,406**
Change in cash and cash equivalents		**99,279**	**-3,932**
Cash and cash equivalents at 1 January		269,850	273,782
Cash and cash equivalents at 31 December		**369,129**	**269,850**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		369,129	269,850
Cash and cash equivalents at 31 December		**369,129**	**269,850**

Notes to the Financial Statements

1. Subsequent events

After year-end the group lost an arbitration case started in previous year with some of Tican's supplier. The suppliers believed the stated adjustment price per. kg. as Tican has come up with, did not measure up to what you as a supplier perceive the price per kg to be. Per 31 December 2022 Tican has already recognized an expected amount in the accounts to fulfil any cost relating to the case.

The group is financed with loans from the parent company Tönnies Holding GmbH & Co. KG. After the balance sheet date, the loans have been extended and the loan-facilities needed for the coming year is in place.

After year-end the group has acquired all shares in Tican-Rose GmbH.

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

	Group		**Parent company**	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

2. Revenue

	2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Geographical segments				
Revenue domestic	440,589	298,355	413,089	298,089
Revenue other EU	5,163,983	4,567,077	2,657,105	2,328,989
Revenue non-EU	3,022,861	3,431,088	3,017,299	3,431,088
	8,627,433	**8,296,520**	**6,087,493**	**6,058,166**
Activity				
Fresh Meat division	6,912,826	6,764,987	6,087,493	6,058,166
Processing division	1,714,607	1,531,533	0	0
	8,627,433	**8,296,520**	**6,087,493**	**6,058,166**

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
3. Staff				
Wages and salaries	811,986	918,094	535,874	561,702
Pensions	37,888	37,337	29,601	30,533
Other social security expenses	39,871	39,780	17,734	18,179
	889,745	**995,211**	**583,209**	**610,414**
Wages and salaries, pensions and other social security expenses are recognised in the following items:				
Production expenses	769,449	843,558	551,095	576,870
Distribution expenses	51,369	60,487	6,674	6,766
Administrative expenses	68,927	91,166	25,440	26,778
	889,745	**995,211**	**583,209**	**610,414**
Including remuneration to the Executive Board:				
Executive board	5,977	5,330	5,977	5,330
	5,977	**5,330**	**5,977**	**5,330**
Average number of employees	**2,160**	**2,235**	**1,107**	**1,122**

4. Special items

The effect from the arbitration case with pig suppliers have negative impact on the Profit and Loss for 2021 and 2022.

	Parent company	
	2022	2021
	TDKK	TDKK
5. Income from investments in subsidiaries		
Share of profits	-18,661	10,544
Amortisation of goodwill	-1,530	-1,516
	-20,191	**9,028**

Notes to the Financial Statements

6. Financial income

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Income from securities, which are fixed assets	3,664	6,189	3,664	6,189
Interest received from group enterprises	196	0	4,230	4,229
Other financial income	5,367	9,206	1,702	2,200
Exchange adjustments	0	253	0	253
	9,227	**15,648**	**9,596**	**12,871**

7. Financial expenses

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Interest paid to group enterprises	34,665	27,285	33,732	27,285
Other financial expenses	4,487	5,934	3,669	3,535
Exchange adjustments, expenses	844	215	844	215
Exchange loss	2,465	-215	0	0
	42,461	**33,219**	**38,245**	**31,035**

8. Income tax expense

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	4,554	5,906	0	0
Deferred tax for the year	826	1,375	0	0
	5,380	**7,281**	**0**	**0**

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

9. Profit allocation

	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Reserve for net revaluation under the equity method	0	0	-20,191	9,029
Minority interests' share of net profit/loss of subsidiaries	6,254	357	0	0
Retained earnings	23,991	-257,889	44,182	-266,917
	30,245	**-257,532**	**23,991**	**-257,888**

10. Intangible fixed assets

Group

	Completed development projects	Goodwill
	TDKK	TDKK
Cost at 1 January	30,820	229,922
Exchange adjustment	-1,193	-11,727
Additions for the year	6,519	42,158
Cost at 31 December	36,146	260,353
Impairment losses and amortisation at 1 January	30,403	187,479
Exchange adjustment	-1,192	-9,703
Amortisation for the year	1,210	12,920
Impairment losses and amortisation at 31 December	30,421	190,696
Carrying amount at 31 December	**5,725**	**69,657**

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.

Notes to the Financial Statements

Parent company

	Completed development projects	Goodwill
	TDKK	TDKK
Cost at 1 January	9,725	0
Additions for the year	6,519	42,158
Cost at 31 December	16,244	42,158
Impairment losses and amortisation at 1 January	9,308	0
Amortisation for the year	1,210	3,513
Impairment losses and amortisation at 31 December	10,518	3,513
Carrying amount at 31 December	**5,726**	**38,645**

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.

Notes to the Financial Statements

11. Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	770,151	1,364,336	170,681	0	290,393
Exchange adjustment	-15,440	-18,489	-1,751	0	-5,837
Net effect from merger and acquisition	9,602	15,429	0	3,414	0
Additions for the year	55,752	71,152	8,557	0	94,469
Disposals for the year	-19,347	-4,792	-5,120	0	-77,225
Transfers for the year	46,948	167,836	0	0	-233,922
Cost at 31 December	847,666	1,595,472	172,367	3,414	67,878
Impairment losses and depreciation at 1 January	436,530	1,101,316	160,894	0	23,617
Exchange adjustment	-7,935	-15,055	-1,538	0	0
Net effect from merger and acquisition	5,922	9,122	0	955	0
Depreciation for the year	26,093	66,871	6,439	236	0
Impairment and depreciation of sold assets for the year	16,720	0	0	0	0
Reversal of impairment and depreciation of sold assets	-33,441	-950	-4,577	0	0
Impairment losses and depreciation at 31 December	443,889	1,161,304	161,218	1,191	23,617
Carrying amount at 31 December	**403,777**	**434,168**	**11,149**	**2,223**	**44,261**

Parent company

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	496,605	1,026,101	129,356	186,975
Additions for the year	1,873	0	145	80,425
Disposals for the year	-19,347	0	-4,418	0
Transfers for the year	46,948	167,836	0	-221,302
Cost at 31 December	526,079	1,193,937	125,083	46,098
Impairment losses and depreciation at 1 January	303,999	836,212	125,911	23,617
Depreciation for the year	14,546	48,495	3,152	0
Reversal of impairment and depreciation of sold assets	-16,720	0	-4,137	0
Impairment losses and depreciation at 31 December	301,825	884,707	124,926	23,617
Carrying amount at 31 December	**224,254**	**309,230**	**157**	**22,481**

	Parent company	
	2022	2021
	TDKK	TDKK

12. Investments in subsidiaries

	2022 TDKK	2021 TDKK
Cost at 1 January	168,107	155,918
Exchange adjustment	0	12,189
Additions for the year	11,862	0
Cost at 31 December	179,969	168,107
Value adjustments at 1 January	541,198	494,239
Exchange adjustment	-37,713	37,930
Net profit/loss for the year	-18,661	10,545
Amortisation of goodwill	-1,530	-1,516
Value adjustments at 31 December	483,294	541,198
Carrying amount at 31 December	**663,263**	**709,305**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Tican (UK) Holdings Ltd.	UK	100%
Tican UK Ltd.	UK	100%
Tican Chilled Ltd.	UK	100%
Tican Process Holdings Ltd.	UK	100%
Direct Table Foods Ltd.	UK	100%
Pro-Pak Foods Ltd.	UK	100%
Tican-Rose G.m.b.H. *	Germany	50%
Moesgaard Meat 2012 A/S	Denmark	60%
HP Production ApS	Denmark	60%
Ejendomsselskabet Moesgaard Meat ApS	Denmark	60%

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

13. Other fixed asset investments

Group

	Other investments
	TDKK
Cost at 1 January	9,646
Cost at 31 December	9,646
Carrying amount at 31 December	**9,646**

Parent company

	Other investments
	TDKK
Cost at 1 January	9,646
Cost at 31 December	9,646
Carrying amount at 31 December	**9,646**

	Group		**Parent company**	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
14. Inventories				
Inventories - Raw materials and consumables	87,912	90,902	6,534	7,063
Inventories - Work in progress	32,095	28,326	17,403	17,485
Inventories - Finished goods and goods for resale	275,852	389,579	235,369	361,985
Inventories - Prepayment for goods	1,640	4,769	0	0
	397,499	**513,576**	**259,306**	**386,533**

15. Prepayments

Prepayments consists of prepaid expenses.

16. Provision for deferred tax

	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Deferred tax liabilities at 1 January	19,829	18,454	0	0
Amounts recognised in the income statement for the year	826	1,375	0	0
Deferred tax liabilities at 31 December	**20,655**	**19,829**	**0**	**0**

Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions. The group and parent company has an unutilized deferred tax asset (tax losses carrying forward) with an value of DKK 99.5 million .

17. Other provisions

Other provisions consists of provisions for customer complaints.

	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Other provisions	82,857	8,146	80,483	5,630
	82,857	**8,146**	**80,483**	**5,630**

The provisions are expected to mature as follows:

	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Within 1 year	82,857	8,146	80,483	5,630
After 5 years	0	0	0	0
	82,857	**8,146**	**80,483**	**5,630**

18. Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Other payables				
After 5 years	0	0	0	0
Between 1 and 5 years	51,757	50,347	51,757	50,347
Long-term part	51,757	50,347	51,757	50,347
Other short-term payables	176,726	144,085	62,605	103,192
	228,483	**194,432**	**114,362**	**153,539**

19. 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 DKK 40,398k.

The accounts in foreign currencies and related hedging transactions as per 31. december 2022 can be summarised, net:

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
AUD, maturity 0-12 months	52,582	26,810	52,582	26,810
GBP, maturity 0-12 months	636,766	681,876	23,021	-3,112
JPY, maturity 0-12 months	-1,943	267,045	-1,943	267,045
USD, maturity 0-12 months	-16,593	85,497	-16,593	85,497
Total	670,812	1,061,228	-57,068	376,240

20. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

21. Cash flow statement - Adjustments

	Group	
	2022	2021
	TDKK	TDKK
Financial income	-9,227	-15,648
Financial expenses	42,461	33,219
Depreciation, amortisation and impairment losses, including losses and gains on sales	113,475	96,367
Tax on profit/loss for the year	5,380	7,281
Exchange adjustments	-3,713	0
	148,376	**121,219**

22. Cash flow statement - Change in working capital

	Group	
	2022	2021
	TDKK	TDKK
Change in inventories	109,118	63,842
Change in receivables	-388,800	-10,528
Change in other provisions	74,853	3,814
Change in trade payables, etc	37,696	54,591
Other adjustments	0	14,472
	-167,133	**126,191**

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

23. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:				
Deed of indemnity (business mortgage) of a total of TDKK 8,600, which provides a mortgage on goodwill, stocks of raw materials, semi-finished products and finished goods, operating inventory and operating equipment, fuels and other auxiliary substances, motor vehicles that are not or have previously been registered, simple claims arising from the sale of goods and services for a total accounting value of TDKK	19,729	0	0	0

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:				
Within 1 year	10,949	23,609	8,332	8,854
Between 1 and 5 years	8,815	4,210	3,037	4,210
After 5 years	54	0	54	0
	19,818	**27,819**	**11,423**	**13,064**

Guarantee obligations

A guarantee has been provided for Moesgaard Meat 2012 A/S's balance with Vestjysk Bank. The guarantee is maximized to	500	0	0	0

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 0. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group’s liability.

Notes to the Financial Statements

24. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Tönnies International Holding G.m.b.H	Parent company
Other related parties	
Steen Ingemann Sønnichsen	Chief executive officer
Jens Røjkjær Lyhne	Chief financial officer
Carl Ernst Bürge	Board of Directors
Steen Ingemann Sønnichsen	Board of Directors
Frank Duffe	Board of Directors
Jacqueline Nowack	Board of Directors
Subsidiaries as specified in note 11	

Transactions

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

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Tönnies International Holding G.m.b.H

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Tönnies International Holding G.m.b.H	Germany *HRB 8739, district court Gütersloh* *In der Mark 2* *33378 Rheda-Wiedenbrück*

The Group Annual Report of Tönnies International Holding G.m.b.H may be obtained at the following address:

HRB 8739, district court Gütersloh
In der Mark 2
33378 Rheda-Wiedenbrück

25. Fee to auditors appointed at the general meeting

	Group	
	2022	2021
	TDKK	TDKK
PricewaterhouseCoopers		
Audit fee	1,005	0
Non-audit services	383	0
	1,388	**0**
Deloitte		
Audit fee	0	869
Tax advisory services	0	281
Non-audit services	0	113
	0	**1,263**
Rödl & Partner Limited		
Audit fee	912	0
Tax advisory services	435	0
	1,347	**0**
Nass & Börm Steuerberater		
Non-audit services	71	0
	71	**0**
Constantin, UK		
Audit fee	0	696
Non-audit services	0	197
	0	**893**

26. Accounting policies

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

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

Changes in accounting policies

Some reclassifications have been made in the comparative figures. The reclassifications have no effect on the result, balance sheet or equity. Except from this, the used accounting policies are consistent with those applied last year

Recognition and measurement

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

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

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

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

Basis of consolidation

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

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

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

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.
- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.
- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.
- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.
- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.
- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquistition of subsidiaries.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Leases

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

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

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

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Derivative financial instruments

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

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

Segment information on revenue

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

Income statement

Net sales

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

• delivery has been made before year end;

• a binding sales agreement has been made;

• the sales price has been determined; and

• payment has been received or may with reasonable certainty be expected to be received.

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

Production expenses

Production expenses comprise costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Production expenses also include amortisation of goodwill to the extent that goodwill relates to production activities.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Other operating income and expenses

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

Notes to the Financial Statements

Income from investments in subsidiaries

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

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with tilknyttede danske selskaber. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 7 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

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

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

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

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

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

Production buildings	20-25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5-20 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

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

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

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

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

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

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

Inventories

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

Notes to the Financial Statements

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

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

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

Prepayments

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

Provisions

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

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

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

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

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

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

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit before financials x 100 / Revenue
Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity