

# Leighton Foods A/S

Blomstervej 16, DK-8381 Tilst

CVR no. 27 39 21 48

## Annual report 2021

(18th financial year)

*The annual report was presented and approved  
at the Company's annual general meeting  
which was held on 11 May 2022*

*Chair of the meeting:*

A handwritten signature in black ink, consisting of several overlapping loops and lines, positioned below the text 'Chair of the meeting:'.

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## Statement by the Board of Directors and the Executive Board

We have discussed and approved the annual report of Leighton Foods A/S for 2021.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2021 and of the results of its operations for the financial year.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial position, profit for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.


Tilst, 11 May 2022

Executive Board:



Jørgen Kargaard Jensen


Board of Directors:



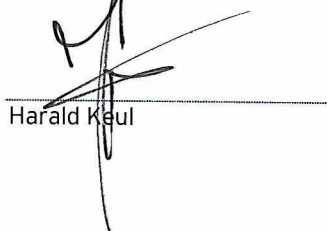
Jørn Anker Thomsen  
Chairman



Kenneth Eskildsen



Erling Eskildsen



Harald Keul

## Independent auditor's report

To the shareholders of Leighton Foods A/S

### Opinion

We have audited the financial statements of Leighton Foods A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company 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.

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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.

## Independent auditor's report

- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Aarhus, 11 May 2022  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Claus Hammer-Pedersen  
State Authorised  
Public Accountant  
mne21334



Michael Dahl Christiansen  
State Authorised  
Public Accountant  
mne34515

## Management's review

### Financial highlights

DKK'000	2021	2020	2019	2018	2017
<b>Key figures</b>					
Gross profit	22,866	22,848	20,778	17,991	18,726
Ordinary operating profit	8,457	10,182	7,874	5,053	7,043
Profit/loss from financial income and expenses	738	-466	555	166	-283
Profit for the year	7,159	7,562	6,548	4,052	5,252
<b>Total assets</b>					
Investment in property, plant and equipment	11,711	18,180	8,543	1,155	2,099
Equity	43,832	41,673	39,111	32,563	28,511
<b>Financial ratios</b>					
Equity ratio	52.3%	63.6%	63.7%	58.0%	41.2%
Return on equity	16.7%	18.7%	18.3%	13.3%	20.3%
<b>Average number of full-time employees</b>					
	37	35	30	29	30

The financial ratios are calculated as follows:

Equity ratio

$$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$$

Return on equity

$$\frac{\text{Profit after tax} \times 100}{\text{Average equity}}$$

## Management's review

### Business review

The objective of the Company is to trade in and manufacture tortilla snack, wraps and related products.

### Financial review

Profit for the year before tax totalled DKK 9,195 thousand which is considered satisfactory.

Profit for the year after tax totalled DKK 7,159 thousand. Equity then totalled DKK 43,832 thousand of which DKK 2,000 thousand is proposed to be distributed as dividend.

### COVID-19

The pandemic has had a negative effect on the food service business in 2021. However, the effect was positive on the retail business. It is expected to have the same impact on the business in 2022, but naturally, we have no valid indication whether Covid-19 will have a positive or negative impact as today, nobody knows how developments in vaccination and the pandemic will affect the market in 2022. We expect still a higher request at Retail level (slightly lower than in 2021) and a positive impact on the Food service also as Cash@Carry markets, restaurants and hotels are reopening again and restrictions are lowered.

### Outlook

Revenue for the year, which showed a positive development compared to 2020 is expected to develop further in 2022 due to an ongoing overall positive global market tendency in the TxMx category.

Investments in future capacity and market development continue in 2022, and consequently, the Company expects to report a positive, but somewhat lower profit for 2022 than the one realised in 2021.

### Development activities

We continuously develop our products to adjust to the trends and what is popular at the present time.

### Events after the balance sheet date

No significant events have occurred after the balance sheet date affecting the evaluation of the Company's financial position and the annual report for 2021.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2021	2020
2	<b>Gross profit</b>	22,866	22,848
	Selling and distribution costs	-5,703	-4,780
	Administrative expenses	-8,706	-7,886
	<b>Profit before net financials, etc.</b>	8,457	10,182
	Financial income	1,011	207
	Financial expenses	-273	-673
	<b>Profit before tax</b>	9,195	9,716
3	Tax on profit for the year	-2,036	-2,154
	<b>Profit for the year</b>	7,159	7,562
	<b>Appropriation of profit/loss</b>		
	Proposed dividend	2,000	5,000
	Retained earnings	5,159	2,562
		7,159	7,562



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2021	2020
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
4	<b>Property, plant and equipment</b>		
	Plant and machinery	33,309	39,046
	Fixtures and fittings and other plant	135	116
	Property, plant and equipment in the course of construction	9,544	0
		<u>42,988</u>	<u>39,162</u>
	<b>Total fixed assets</b>	<u>42,988</u>	<u>39,162</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	7,475	5,824
	Finished goods and goods for resale	2,544	2,965
		<u>10,019</u>	<u>8,789</u>
	<b>Receivables</b>		
	Trade receivables	16,671	15,347
	Other receivables	2,775	2,214
		<u>19,446</u>	<u>17,561</u>
	<b>Cash</b>	<u>11,433</u>	<u>6</u>
	<b>Total non-fixed assets</b>	<u>40,898</u>	<u>26,356</u>
	<b>TOTAL ASSETS</b>	<u><u>83,886</u></u>	<u><u>65,518</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2021	2020
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
5	Share capital	500	500
	Retained earnings	41,332	36,173
	Proposed dividends	2,000	5,000
	<b>Total equity</b>	<u>43,832</u>	<u>41,673</u>
	<b>Provisions</b>		
6	Deferred tax	1,812	1,615
	<b>Liabilities</b>		
7	<b>Non-current liabilities</b>		
	Finance lease obligations	0	1,329
	Other payables	0	622
		<u>0</u>	<u>1,951</u>
7	<b>Current liabilities</b>		
	Finance lease obligations	1,329	767
	Bank loans and overdrafts	21,008	4,993
	Trade payables	9,825	8,479
	Payables to group entities	2,731	2,060
	Prepayments from customers	166	0
	Other payables	3,183	3,980
		<u>38,242</u>	<u>20,279</u>
	<b>Total liabilities</b>	<u>38,242</u>	<u>22,230</u>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>83,886</u></u>	<u><u>65,518</u></u>

- 1 Accounting policies
- 8 Staff matters
- 9 Contingent liabilities and contractual obligations
- 10 Mortgages and collateral
- 11 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Proposed dividends	Total
	Balance at 1 January 2020	500	33,611	5,000	39,111
	Dividends paid	0	0	-5,000	-5,000
12	Appropriation of profit/loss	0	2,562	5,000	7,562
	Balance at 31 December 2020	<u>500</u>	<u>36,173</u>	<u>5,000</u>	<u>41,673</u>
	Balance at 1 January 2021	500	36,173	5,000	41,673
	Dividends paid	0	0	-5,000	-5,000
12	Appropriation of profit/loss	0	5,159	2,000	7,159
	Balance at 31 December 2021	<u>500</u>	<u>41,332</u>	<u>2,000</u>	<u>43,832</u>

## Financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies

The annual report of Leighton Foods A/S for 2021 has been prepared in accordance with the provisions applying to medium-sized reporting class C entities under the Danish Financial Statements Act.

In accordance with section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement.

The financial statements have been prepared in accordance with the same accounting policies as last year.

### Income statement

#### Gross profit

The Company applies the sales method as basis for revenue recognition, according to which goods are recognised in the income statement provided that delivery has taken place before the end of the year.

In accordance with the Danish Financial Statements Act, revenue, production costs and other operating income have been aggregated in gross profit.

#### Distribution costs

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognised as distribution costs. Also, costs relating to sales staff, advertising, exhibitions and depreciation are recognised as distribution costs.

#### Administrative expenses

Administrative expenses comprise expenses paid in the year to manage and administer the Company, including expenses related to administrative staff, office premises, office expenses and amortisation and depreciation.

#### Financial income and expenses

Financial income and expenses comprise interest, expenses relating to finance lease as well as realised and unrealised gains and losses on transactions denominated in foreign currencies, etc.

Interest expense and other borrowing costs to finance intangible assets and property, plant and equipment and which relate to the production period are not recognised in cost of the assets.

#### Tax for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Givesco Group's Danish subsidiaries. Givesco A/S is the administration company under the joint taxation and accordingly pays all corporation taxes to the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises joint taxation contribution and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

## Financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies (continued)

##### Balance sheet

##### Property, plant and equipment

Assets are measured at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the expected useful lives of the assets, which is fixed at 3-10 years.

Plant and machinery and fixtures and fittings and other plant are measured at cost less accumulated depreciation and impairment losses. The basis of depreciation is cost less any expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets and any residual value. The expected useful lives are 3-10 years.

The basis of depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

## Financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies (continued)

##### Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the net present value of future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and rent agreements are disclosed under "Contingencies, etc."

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

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

The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and developments in the expected selling price.

##### Receivables

Receivables are recognised at amortised cost, which in all material respects corresponds to nominal value. Write-down is made for bad debt losses to the extent necessary.

##### Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".

##### Income tax and deferred tax

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Receivables from group entities" or as "Payables to group entities".

Deferred tax is measured using the statement of financial position liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences that arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

## Financial statements 1 January - 31 December

### Notes

#### 1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

#### Payables

Financial liabilities are recognised at amortised cost. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are recognised at net realisable value.

#### Foreign exchange

Receivables and payables denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Both realised and unrealised capital gains and losses are recognised in the income statement.

DKK'000	<u>2021</u>	<u>2020</u>
<b>2 Depreciation, amortisation and impairment losses</b>		
Depreciation and amortisation are included in the below items:		
Gross profit	7,874	9,196
Administrative expenses	11	6
	<u>7,885</u>	<u>9,202</u>
<b>3 Tax on profit for the year</b>		
Expected corporation tax (joint taxation contribution)	1,839	1,398
Adjustment of deferred tax for the year	197	756
<b>Tax on profit for the year</b>	<u>2,036</u>	<u>2,154</u>

## Financial statements 1 January - 31 December

### Notes

#### 4 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings and other plant	Property, plant and equipment in the course of construction	Total
Cost at 1 January 2021	76,426	242	0	76,668
Transferred	0	0	0	0
Additions for the year	2,122	45	9,544	11,711
Disposals for the year	0	-35	0	-35
Cost at 31 December 2021	78,548	252	9,544	88,344
Depreciation at 1 January 2021	-37,380	-126	0	-37,506
Depreciation for the year	-7,859	-26	0	-7,885
Impairment write-downs for the year	0	0	0	0
Depreciation, disposals for the year	0	35	0	35
Depreciation at 31 December 2021	-45,239	-117	0	-45,356
Carrying amount at 31 December 2021	33,309	135	9,544	42,988
Thereof finance leases	2,285	0	0	2,285



## Financial statements 1 January - 31 December

### Notes

#### 5 Equity

The share capital consists of shares of DKK 1,000 each or multiples thereof. The share capital has remained unchanged for the past five years.

#### 6 Deferred tax

Deferred tax relates to operating equipment and inventories.

DKK'000	2021	2020
Deferred tax at 1 January	1,615	859
Adjustment in the year of deferred tax	197	756
<b>Deferred tax at 31 December</b>	<b>1,812</b>	<b>1,615</b>

#### 7 Non-current liabilities

Non-current liabilities fall due as stated below:

DKK'000	Other payables	Finance lease
Within 1 year	0	1,329
Between 1 and 5 years	0	0
After 5 years	0	0
	<b>0</b>	<b>1,329</b>

#### 8 Staff matters

DKK'000	2021	2020
Wages and salaries	19,712	18,048
Pension contributions	1,345	1,218
Other social security costs	592	371
	<b>21,649</b>	<b>19,637</b>
Average number of employees	<b>37</b>	<b>35</b>
Executive Board remuneration	<b>0</b>	<b>0</b>

By reference to section 98b(3), (II) of the Danish Financial Statement Act, remuneration to management is not disclosed for 2020.

## Financial statements 1 January - 31 December

### Notes

#### 9 Contingent liabilities and contractual obligations

The Company is jointly taxed with other Danish companies in the Givesco Group. As jointly taxed company, which is not wholly owned, the Company has limited and secondary liability for Danish income taxes within the joint taxation unit. The jointly taxed entities' total known net liabilities to SKAT are stated in the financial statements of the administration company, (Givesco A/S, CVR no. 89 38 17 11). Any subsequent corrections of joint taxation income, etc., may entail that the Company's liability will increase.

The Company has entered into operating leases with a residual lease obligation of DKK 162 thousand. The Company has a lease contract with a group entity with yearly lease commitments of DKK 2.2 million.

#### 10 Mortgages and collateral

Lease assets with a carrying amount of DKK 2,285 thousand have been provided as security for lease liabilities of DKK 1,329 thousand.

#### 11 Related parties

##### Ownership

The below shareholders have ownership interests of 5% or more:

Danish Industrial Equipment A/S, Svinget 24, 7323 Give  
Harald Peter Keul, Germany.

Danish Industrial Equipment A/S exercises control.

##### Group structure

The Company is included in the consolidated financial statements of Givesco A/S, Give of which Jens og Mary Antonie Eskildsens Mindefond, Give is the parent company.

##### *Transactions with related parties*

DKK'000	2021	2020
Sale of goods to group entities	3,440	9,467
Sale of goods to associates over which the Givesco Group exercises significant influence	5,032	3,875
Goods purchased from group entities	19,918	31,788
Goods purchased from associates over which the Givesco Group exercises significant influence	15,419	11,713
Rent paid to group entities	2,221	2,221
Purchase of group services from group entities	343	563
Purchase/sale of fixed assets from/to group entities	0	484
Receivables from associates over which the Givesco Group exercises significant influence	569	387
Payables to associates over which the Givesco Group exercises significant influence	3,495	1,914

Remuneration of the Executive Board and the Board of Directors is stated in note 10.

## Financial statements 1 January - 31 December

### Notes

#### 12 Appropriation of profit/loss

Proposed profit appropriation:

DKK'000

Proposed dividends

Transferred to equity reserve

	<u>2021</u>	<u>2020</u>
Proposed dividends	2,000	5,000
Transferred to equity reserve	5,159	2,562
	<u>7,159</u>	<u>7,562</u>