

CPF Denmark A/S

Svinget 5
DK-6800 Varde

CVR no. 28 99 62 68

Annual report 2021

The annual report was presented and approved at
the Company's annual general meeting on

18 May 2022


Pisit Awnpoon
Chairman of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of CPF Denmark A/S for the financial year 1 January – 31 December 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 assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.


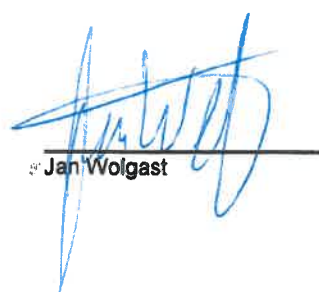
Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Varde, 18 May 2022
Executive Board:


Christian Oxholm Winther
Juhl
Pisit Awnpoon
Jan Wolgast

Board of Directors:


Prasit Boondoungprasert
Chairman
Paisan Chirakitchareern
Anat Julintron
Christian Oxholm Winther
Juhl
Morten Hesselhoit
Jan Wolgast
Vathana Singhpuck

Independent auditor's report

To the shareholders of CPF Denmark A/S

Opinion

We have audited the financial statements of CPF Denmark A/S for the financial year 1 January – 31 December 2021 comprising 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 Company's assets, liabilities and financial position 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 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Fredericia, 18 May 2022

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Nikolaj Mølle Hansen
State Authorised
Public Accountant
mne33220

CPF Denmark A/S
Annual report 2021
CVR no. 28 99 62 68

Management's review

Company details

CPF Denmark A/S
Svinget 5
6800 Varde
Denmark

Telephone: +45 75 26 13 30

CVR no.: 28 99 62 68
Established: 16 August 2005
Registered office: Varde
Financial year: 1 January – 31 December

Board of Directors

Prasit Boondoungprasert, Chairman
Paisan Chirakitchareern
Anat Julintron
Christian Oxholm Winther Juhl
Morten Hesselholt
Jan Wolgast
Vathana Singhpuck

Executive Board

Christian Oxholm Winther Juhl
Pisit Awnpoon
Jan Wolgast

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Vesterballevej 27, 2.
DK-7000 Fredericia
CVR no. 25 57 81 98

Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Gross profit	38,151	24,662	13,224	11,465	9,654
Profit/loss from financial income and expenses	549	1,325	892	173	224
Profit for the year	19,942	11,847	4,450	2,380	1,406
Balance sheet					
Fixed assets	6,722	6,831	6,918	7,041	7,166
Total assets	90,090	100,365	103,131	119,060	132,019
Equity	43,051	29,033	19,411	16,151	14,474
Current liabilities	47,039	71,332	83,720	102,909	128,929
Ratios					
Solvency ratio	47.8%	28.9%	18.8%	13.5%	11.0%
Current ratio	177.2%	131.1%	114.9%	108.8%	105.7%
Operational metrics					
Average number of full-time employees	13	13	11	11	10

The financial ratios have been calculated as follows:

Solvency ratio
$$\frac{\text{Equity ex. non-controlling interests at year-end} \times 100}{\text{Total equity and liabilities at year-end}}$$

Current ratio
$$\frac{\text{Current assets total} \times 100}{\text{Current liabilities}}$$

Management's review

Operating review

Principal activity

CPF Denmark A/S' principal activities are trade in food, primarily chicken products from CP Foods Thailand and related products from within the CP Group of companies.

Events after the balance sheet date

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

Development during the year

The impact of COVID-19 and the restrictions caused by the virus during the year has had influence on both sales and supply of products. Global shortage of raw material supply has also been causing the company a smaller set back in food service and retail across markets.

Thus, the retail business has seen a positive development across all markets due to increasing sales. Led by the "Work-from-home" trend with consumers demanding more easy, convenient and well tasting meal solutions.

The profit of the year is satisfactory and exceeding our expectations on both gross profit and profit for the year compared to outlook presented in the annual report 2020.

Outlook

Further increase in sales of ready meals in Sweden, Finland, and new developing markets in 2022 will generate higher sales in this area of business. Stronger focus on value adding and new categories will bring more varied growth to all markets, contributing to stronger sales and revenue.

The serious impact of the COVID-19 virus on the supply chain will continue to have influence on sales and distribution. The current instability in Europe caused by the war in Ukraine will continue to have serious effect on the global supply chain – most likely throughout the year and beyond.

It is the company's overall expectation that 2022 will be in line with 2021 on both gross profit and result.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2021	2020
Gross profit		38,151	24,662
Staff costs	2	-13,157	-11,086
Depreciation, amortisation and impairment losses		<u>-109</u>	<u>-112</u>
Profit before financial income and expenses		24,885	13,464
Income from participating interests		855	1,641
Other financial expenses		<u>-306</u>	<u>-316</u>
Profit before tax		25,434	14,789
Tax on profit/loss for the year	3	<u>-5,492</u>	<u>-2,942</u>
Profit for the year	4	<u><u>19,942</u></u>	<u><u>11,847</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Property, plant and equipment	5		
Land and buildings		2,646	2,750
Fixtures and fittings, tools and equipment		19	24
		<u>2,665</u>	<u>2,774</u>
Investments	6		
Participating interests		<u>4,057</u>	<u>4,057</u>
Total fixed assets		<u>6,722</u>	<u>6,831</u>
Current assets			
Inventories			
Finished goods and goods for resale		<u>30,550</u>	<u>42,455</u>
Receivables			
Trade receivables		20,754	27,808
Receivables from participating interests		19,653	17,647
Other receivables		404	292
Deferred tax asset	7	19	26
Prepayments	8	<u>296</u>	<u>171</u>
		<u>41,126</u>	<u>45,944</u>
Cash at bank and in hand		<u>11,692</u>	<u>5,135</u>
Total current assets		<u>83,368</u>	<u>93,534</u>
TOTAL ASSETS		<u><u>90,090</u></u>	<u><u>100,365</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	<u>31/12 2021</u>	<u>31/12 2020</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	3,729	3,729
Retained earnings		<u>39,322</u>	<u>25,304</u>
Total equity		<u>43,051</u>	<u>29,033</u>
Liabilities			
Current liabilities			
Banks, current liabilities		605	13,675
Trade payables		3,224	2,289
Payables to group entities		29,649	47,321
Corporation tax		5,211	2,566
Other payables		<u>8,350</u>	<u>5,481</u>
		<u>47,039</u>	<u>71,332</u>
Total liabilities		<u>47,039</u>	<u>71,332</u>
TOTAL EQUITY AND LIABILITIES		<u><u>90,090</u></u>	<u><u>100,365</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2021	3,729	25,304	29,033
Transferred over the profit appropriation	0	19,942	19,942
Extraordinary dividends paid	0	-5,924	-5,924
Equity at 31 December 2021	3,729	39,322	43,051

Financial statements 1 January – 31 December

Notes

1 Accounting policies

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

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of the parent company, Charoen Pokphand Foods Public Co., Ltd.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as 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 aggregate obligations relating to operating leases and other leases are disclosed under contingencies, etc.

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes charged on behalf of third parties. All discounts granted are recognised in revenue.

Cost of goods sold

Cost of goods sold includes consumables used in generating the year's revenue.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other operating income

Other operating income comprises items secondary to the activities of the Company, including gains on the disposal of property, plant and equipment.

Other external costs

Other external costs comprise costs relating to the Company's ordinary activities, including costs for sales, distribution and administration.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs. Refunds from public authorities are deducted from staff costs.

Depreciation

Depreciation comprises the year's depreciation of property, plant and equipment.

Income from equity investments in group entities and participating interests (including associates)

Dividends from investment in participating interests is recognised in the period when the dividend is declared.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. 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

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The depreciable amount, which is calculated as cost less any projected residual values after the end of the useful life, is depreciated on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	25 years
Fixtures and fittings, tools and equipment	3-5 years

Land is not depreciated.

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Investments

Equity interests is measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Impairment of fixed assets

The carrying amount of property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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.

Cost comprising purchase price plus delivery costs.

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

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

Deferred tax assets, 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 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.

Prepayments

Prepayments comprise payments paid regarding expenses in subsequent years.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

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

2 Staff costs

DKK'000	2021	2020
Wages and salaries	12,176	9,819
Pensions	672	1,045
Other staff costs	309	222
	<u>13,157</u>	<u>11,086</u>
Average number of full-time employees	<u>13</u>	<u>13</u>

Staff costs of the Company include remuneration of the Executive Board and Board of Directors of DKK 6,886 thousand (2020: DKK 5,670 thousand).

In accordance with section 98b(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is presented as an aggregate single amount.

DKK'000	2021	2020
Current tax for the year	5,485	2,934
Deferred tax for the year	7	8
	<u>5,492</u>	<u>2,942</u>

3 Tax on profit for the year

Current tax for the year	5,485	2,934
Deferred tax for the year	7	8
	<u>5,492</u>	<u>2,942</u>

Financial statements 1 January – 31 December

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4 Proposed profit appropriation

DKK'000	2021	2020
Extraordinary dividends distributed	5,924	2,225
Retained earnings	14,018	9,622
	<u>19,942</u>	<u>11,847</u>

5 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2021	3,520	874	4,394
Cost at 31 December 2021	3,520	874	4,394
Depreciation at 1 January 2021	-770	-850	-1,620
Depreciation for the year	-104	-5	-109
Depreciation at 31 December 2021	-874	-855	-1,729
Carrying amount at 31 December 2021	<u>2,646</u>	<u>19</u>	<u>2,665</u>

6 Investments

DKK'000	Participating interests
Cost at 1 January 2021	4,057
Cost at 31 December 2021	4,057
Carrying amount at 31 December 2021	<u>4,057</u>

Name/legal form	Registered office	Participating interests	Equity	Profit for the year
			DKK'000	DKK'000
Participating interests:				
Kalino Food AB	Staffanstorp, Sweden	29%	7,593	5,803
			<u>7,593</u>	<u>5,803</u>

7 Deferred tax asset

DKK'000	31/12 2021	31/12 2020
Deferred tax asset at 1 January	26	34
Adjustment, deferred tax asset	-7	-8
	<u>19</u>	<u>26</u>

Financial statements 1 January – 31 December

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8 Prepayments

Prepayments comprise prepaid expenses regarding office rent and insurance premiums.

9 Share capital

The share capital consists of 500,000 shares of a nominal value of EUR 500,000. No shares carry any special rights.

10 Contractual obligations, contingencies, etc.

Rent liabilities amount to DKK 22 thousand.

Contingent liabilities

As collateral for bank overdrafts, the Company has issued a company charge secured upon ordinary claims attributable to trade receivables as well as inventories of raw materials, semi-manufactured products and finished goods coming in at a total of DKK 30.000 thousand. The carrying amount of the assets comprised by the company charge reached DKK 70.957 thousand at 31 December 2021.

A bank guarantee of DKK 75 thousand has been provided.

The Company has entered into multiple financial futures agreements. At 31 December 2021, the agreements represent a market value of DKK 1 thousand.

Operating lease obligations

The Company has entered into operating leases with a remaining term of 43 months and an average monthly lease payment of DKK 41 thousand, totalling DKK 1.774 thousand.

11 Related party disclosures

CPF Denmark A/S' related parties comprise the following:

Control

C.P. Merchandising Co., Ltd., 313, CP Tower, Silom Road, 10110 Bangkok, Thailand holds more than 50% of the share capital. The ultimate parent company is Charoen Pokphand Foods Public Co., Ltd., Bangkok, Thailand.

CPF Denmark A/S is part of the consolidated financial statements of C.P. Merchandising Co., Ltd., 313, CP Tower, Silom Road, 10110 Bangkok, Thailand, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements requisitioned at the office in Denmark.

Related party transactions

DKK'000	2021
Sales to group entities	148,575
Purchase from group entities	226,523