

CPF Denmark A/S


Svinget 5
6800 Varde
Denmark

CVR no. 28 99 62 68

Annual report 2020

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

19 May 2021


Pisit Awnpoon
chairman

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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 2020.

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

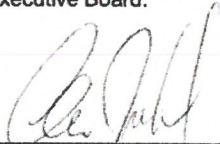
In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations 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, 19 May 2021

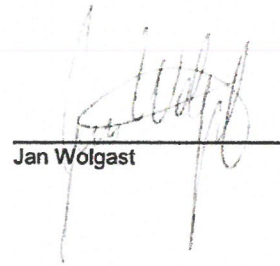
Executive Board:



Christian Oxholm Winther
Juhl

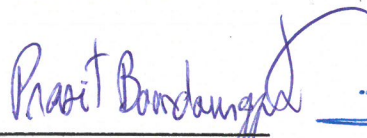


Pisit Awnpoon

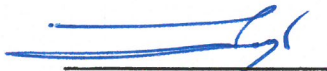


Jan Wolgast

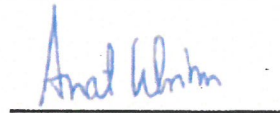
Board of Directors:



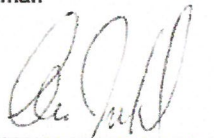
Prasit Boondoungprasert
Chairman



Paisan Chirakitchareern



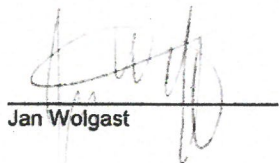
Anat Julintron



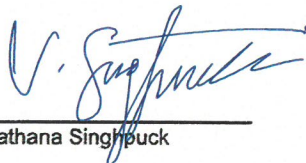
Christian Oxholm Winther
Juhl



Morten Hesselholt



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 2020 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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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

Independent auditor's report

- 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.
- 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.

Kolding, 19 May 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Nikolaj Møller Hansen
State Authorised
Public Accountant
mne33220

CPF Denmark A/S
Annual report 2020
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
Jupitervej 4
6000 Kolding
Denmark

Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Key figures					
Gross profit	24,662	13,224	11,465	9,654	14,347
Operating profit	13,464	4,465	2,758	1,415	7,058
Profit from financial income and expenses	1,325	892	173	224	104
Profit for the year	11,847	4,450	2,380	1,406	5,701
Fixed assets	6,831	6,918	7,041	7,166	7,233
Total assets	100,365	103,131	119,060	132,019	125,033
Equity	29,033	19,411	16,151	14,474	15,918
Current liabilities	71,332	83,720	102,909	128,929	109,115
Ratios					
Solvency ratio	28.9%	18.8%	13.5%	11.0%	12.7%
Current ratio	131.1%	114.9%	108.8%	105.7%	108.0%
Average number of full- time employees	13	11	11	10	9

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 to trade in food, primarily chicken products from CP Foods Thailand, and related products from within the CP Group.

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 Company suffered from the impact of COVID-19 and the restrictions caused by the virus during the year. Due to extensive lockdowns and restrictions in all markets during 2020, value-added poultry products in the food service business faced a drop in sales. Furthermore, as a result of shortage of raw material supply, the Company suffered a minor setback in food service in both Denmark and Sweden.

The retail business has been undergoing a positive development across all markets due to increasing sales and marketing efforts – and also due to COVID-19 restrictions recommending people to work from home. The need for fast and well-prepared consumer products has been growing during the year.

Profit for the year is satisfactory and in line with expectations.

Outlook

Further increase in sale of ready meals in Sweden, Finland, and new developing markets in 2021 will generate higher sales in this area of business. Strong 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 our HORECA business will continue well into 2021. The vaccine programmes in all countries will have a huge effect on the re-opening of out-of-home activities such as hotels and restaurants. It is expected that we will see a more "back to normal" scenario in late Q3 and Q4 of 2021.

It is the company's overall expectation that 2021 will be in line with 2020. COVID-19 may impact the result, depending on the re-opening plan and the level of activities of all markets.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2020	2019
Gross profit		24,662	13,224
Staff costs	2	-11,086	-8,636
Depreciation		-112	-123
Profit before financial income and expenses		13,464	4,465
Income from equity investments in participating interests		1,641	1,443
Other financial expenses		-316	-551
Profit before tax		14,789	5,357
Tax on profit for the year	3	-2,942	-907
Profit for the year	4	11,847	4,450

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2020	31/12 2019
ASSETS			
Fixed assets			
Property, plant and equipment			
Land and buildings	5	2,750	2,854
Fixtures and fittings, tools and equipment		24	7
		<u>2,774</u>	<u>2,861</u>
Investments			
Participating interests	6	4,057	4,057
Total fixed assets		<u>6,831</u>	<u>6,918</u>
Current assets			
Inventories			
Finished goods and goods for resale		<u>42,455</u>	<u>41,797</u>
Receivables			
Trade receivables		27,808	26,806
Receivables from associate		17,647	17,076
Other receivables		292	1,859
Deferred tax asset	7	26	34
Prepayments	8	171	271
		<u>45,944</u>	<u>46,046</u>
Cash at bank and in hand		<u>5,135</u>	<u>8,370</u>
Total current assets		<u>93,534</u>	<u>96,213</u>
TOTAL ASSETS		<u><u>100,365</u></u>	<u><u>103,131</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	<u>31/12 2020</u>	<u>31/12 2019</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	3,729	3,729
Retained earnings		<u>25,304</u>	<u>15,682</u>
Total equity		<u>29,033</u>	<u>19,411</u>
Liabilities			
Current liabilities			
Banks, current liabilities		13,675	24,665
Trade payables		2,289	2,458
Payables to group entities		47,321	53,432
Corporation tax		2,566	439
Other payables		<u>5,481</u>	<u>2,726</u>
		<u>71,332</u>	<u>83,720</u>
Total liabilities		<u>71,332</u>	<u>83,720</u>
TOTAL EQUITY AND LIABILITIES		<u><u>100,365</u></u>	<u><u>103,131</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2020	3,729	15,682	19,411
Transferred over the profit appropriation	0	11,847	11,847
Extraordinary dividends paid	0	-2,225	-2,225
Equity at 31 December 2020	3,729	25,304	29,033

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of CPF Denmark A/S for 2020 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 salaries and wages, including holiday allowance, pension and other social security costs, etc. to the Company's employees excluding refunds from public authorities.

Depreciation

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

Income from equity interests

Dividends from investment in associate 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.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

Participating interests

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.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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.

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

Prepayments

Prepayments comprise payments paid regarding expenses in subsequent years.

Equity

Dividends

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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	2020	2019
Wages and salaries	9,819	7,645
Pensions	1,045	869
Other staff costs	222	122
	<u>11,086</u>	<u>8,636</u>
Average number of full-time employees	<u>13</u>	<u>11</u>

Staff costs of the Company include remuneration of the Executive Board and Board of Directors of DKK 5,670 thousand (2019: DKK 5,885 thousand).

3 Tax on profit for the year

DKK'000	2020	2019
Current tax for the year	2,934	899
Deferred tax for the year	8	8
	<u>2,942</u>	<u>907</u>

4 Proposed profit appropriation

DKK'000	2020	2019
Extraordinary dividends distributed	2,225	1,190
Retained earnings	9,622	3,260
	<u>11,847</u>	<u>4,450</u>

Financial statements 1 January – 31 December

Notes

5 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2020	3,520	848	4,368
Additions for the year	0	26	26
Cost at 31 December 2020	3,520	874	4,394
Depreciation at 1 January 2020	-666	-841	-1,507
Depreciation for the year	-104	-9	-113
Depreciation at 31 December 2020	-770	-850	-1,620
Carrying amount at 31 December 2020	2,750	24	2,774

6 Investments

DKK'000	Equity interests
Cost at 1 January 2020	4,507
Cost at 31 December 2020	4,507
Carrying amount at 31 December 2020	4,507

Name/legal form	Registered office	Equity interest	Equity	Profit for the year
			DKK'000	DKK'000
Equity interest:				
BHJ Kalino Food AB		Staffanstorp, Sweden	4,798	3,047
			4,798	3,047

Financial statements 1 January – 31 December

Notes

7 Deferred tax asset

DKK'000	31/12 2020	31/12 2019
Deferred tax asset at 1 January	34	42
Adjustment, deferred tax asset	-8	-8
	<u>26</u>	<u>34</u>

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 87,910 thousand at 31 December 2020.

A bank guarantee of DKK 75 thousand has been provided.

The Company has entered into multiple financial futures agreements. At 31 December 2020, the agreements represent a market value of DKK 5 thousand.

Operating lease obligations

The Company has entered into operating leases with a remaining term of 27 months and an average monthly lease payment of DKK 29 thousand, totalling DKK 782 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.

Financial statements 1 January – 31 December

Notes

Related party transactions

DKK'000	<u>2020</u>
Sale to group entities	141,233
Purchase from group entities	257,721