

# Daka Denmark A/5

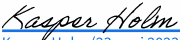
Lundagervej 21, 8722 Hedensted

CVR no. 33 77 60 39

## Annual report 2022

Approved at the Company's annual general meeting on 19 May 2023

Chairman:

  
Kasper Holm (23. maj 2023 11:12 GMT+2)  
Kasper Holm

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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 Daka Denmark A/S for the financial year 1 January - 31 December 2022.

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

It is our opinion that the financial statements give a true and fair view of the Company's financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

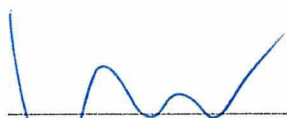
Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of the Company's operations and financial position.

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


Hedensted, 17 April 2023  
Executive Board:


  
Lars Krause-Kjær (Apr 20, 2023 10:44 GMT+2)  
Lars Krause-Kjær  
CEO


Board of Directors:

  
Tim A. Schwencke  
Chairman

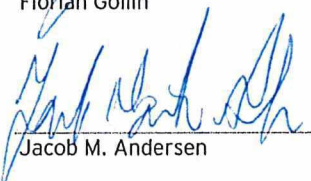
  
Søren F. Eriksen  
Vice Chairman

  
Thier (Apr 20, 2023 11:17 GMT+2)  
Franz-Bernhard Thier

  
Florian Gollin

  
Kasper B. Orloff

  
Steen Sønnichsen (Apr 26, 2023 16:52 GMT+2)  
Steen I. Sønnichsen

  
Jacob M. Andersen

  
Lars J. Nielsen

## Independent auditors' report

To the shareholders of Daka Denmark A/S

### Opinion

We have audited the financial statements of Daka Denmark 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 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 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### 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 Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 17 April 2023  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Jes Lauritzen  
State Authorised  
Public Accountant  
mne10121



Christian Jøker  
State Authorised  
Public Accountant  
mne31471

## Management's review

### Company details

Name	Daka Denmark A/S
Address, zip code, city	Lundagervej 21, 8722 Hedensted
CVR no.	33 77 60 39
Established	22 June 2011
Registered office	Hedensted
Financial year	1 January - 31 December
Website	<a href="http://www.daka.dk">www.daka.dk</a>
E-mail	<a href="mailto:daka@daka.dk">daka@daka.dk</a>
Board of Directors	Tim A. Schwencke, Chairman Søren F. Eriksen, Vice Chairman Franz-Bernhard Thier Florian Gollin Kasper B. Orloff Steen I. Sønnichsen Jacob M. Andersen (employee representative) Lars J. Nielsen (employee representative)
Executive Board	Lars Krause-Kjær, CEO
Auditors	EY Godkendt Revisionspartnerselskab EY Huset Værkmestergade 25, DK-8000 Aarhus C

## Management's review

### Financial highlights

DKK'000	2022	2021	2020	2019	2018
<b>Key figures</b>					
Revenue	1,191,602	1,027,406	951,120	851,589	893,874
Gross profit	142,521	287,707	320,340	232,828	220,178
EBITDA	62,561	201,046	249,175	236,946	152,771
Ordinary operating profit	-5,262	133,968	181,882	100,837	92,797
Profit/loss from financial income and expense	-1,178	-1,819	846	-4,199	-1,781
Profit before tax	20,403	172,113	205,777	187,627	121,068
Profit for the year	19,185	141,233	165,222	151,584	99,497
<b>Balance sheet</b>					
Non-current assets	406,694	402,077	381,905	446,618	430,130
Current assets	271,128	280,498	325,336	286,656	347,377
Total assets	677,822	682,575	707,241	733,274	777,507
Investments in property, plant and equipment	86,251	75,037	58,190	79,874	71,433
Share capital	27,540	27,540	27,540	27,540	27,540
Equity	285,039	375,145	413,565	363,044	372,146
Provisions	0	217	2,186	1,167	0
Non-current liabilities other than provisions	78,799	84,738	91,868	104,035	228,772
Current liabilities other than provisions	313,984	222,475	199,622	265,028	176,589
<b>Financial ratios</b>					
Operating margin	0.5%	14.1%	19.5%	12.8%	11.3%
Gross margin	12.0%	28.0%	33.7%	27.3%	24.6%
Return on invested capital	1.5%	46.6%	61.4%	35.0%	29.9%
Return on equity	5.8%	35.8%	42.5%	41.2%	28.0%
Solvency ratio	42.1%	55.0%	58.5%	49.5%	47.9%
<b>Other</b>					
Average number of full-time employees	243	243	237	242	257

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society.

## Management's review

### Principal activities

The principal activity of the Company is to purchase animal by-products from slaughterhouses, the meat and farming industry, etc. and to process these products into various finished products for the pet food, feed, energy, fertilization and foodstuff markets. Collection and processing of food waste and used cooking oil have during the past years become an increasing part of the activities in the Group. Customers to the finished products within this business unit are within the biogas sector.

### Development in activities and financial matters

Profit for the year amounts to DKK 19,185 thousand derived from revenue of DKK 1,191,602 thousand.

Operating profit amounted to DKK 5,630 thousand in 2022 compared to DKK 143,459 thousand last year resulting from a gross profit of DKK 142,521 thousand compared to DKK 287,707 thousand in 2021. The decrease is affected by high fluctuations in prices of finished goods as well as raw material prices and reduced margins on especially biodiesel. Increasing energy cost also affected production cost in all business units lowering the operating profit.

The development has resulted in a profit of the year below expected level. Management does not consider the profit for the year satisfactory.

Of the profit for the year, no dividends are proposed to the shareholders, and DKK 19,185 thousand is taken to equity as retained earnings.

The Company's equity totals DKK 285,039 thousand, including proposed dividends, corresponding to 42.1% of the balance sheet total.

Along with other major companies within the food industry Daka Denmark A/S was during 2022 listed as a non-protected gas consumer. Initiatives has been taken to reduce long-term dependency on gas.

### Risks

Though being exposed to price fluctuations on input cost as well as finished goods prices, the Company has not undertaken any particular commercial risks other than those considered usual for the nature and size of the Company.

### Intellectual capital

The Company's operations are characterized by complex structures i.a. within the market structures and production technologies particular to the industry.

Moreover, conditions for the Company's activities are constantly changing. The development of the Company's employees to handle such changes will gain significance in order to obtain success. Measures are constantly taken to maintain and develop the employees' qualifications.

### Research and development activities

The Company does not carry on any research activities. The Company's production processes are continuously being optimized, just as its finished goods are undergoing constant development in order to add value thereto in the Company's sales channels.

### Corporate social responsibility, cf. § 99a in the Danish Financial Statements Act

#### *Sustainability report*

Corporate social responsibility is an integrated part of the Daka Denmark Group business strategy. The Group wishes to act responsibly in relation to customers, employees, business partners etc. and all of the business areas in Daka Denmark have safe, sustainable and productive management of natural resources as a focal point.

Daka Denmark A/S has chosen to publish its report on corporate social responsibility as a part of the Company's sustainability report which can be found on our website; [www.daka.dk/en/sustainability](http://www.daka.dk/en/sustainability).



## Management's review

### *Data ethics and GDPR*

Management of the Daka Denmark Group is following the SARIA Group policy on data ethics:

- ▶ The Group must comply with the data protection act which has been specified in a general policy for data protection outlining our obligations, treatment of data and several fundamental principles of data protection. In addition, a set of guidelines and data protection responsible persons has been appointed. Guidelines include:
  - Internal handling of employees and employee related data, i.e. processes, storage of data and deletion.
  - Handling of GDPR data towards external suppliers and systems when data processing is involved.
  - Reporting and handling of data breach.

All employees are presented with the policies. The Company focuses on adherence with the legislation by optimization of processes, lifting the general level of documentation and ensuring a high level of awareness.

### *Gender composition, cf. § 99b in the Danish Financial Statements Act*

The gender composition in Daka Denmark A/S is not equal, mainly because the Company is a manufacturing company, which for many years has operated in a line of business, which primarily employs and attracts male employees. Consequently, women are the underrepresented gender on the Executive Board and in other executive positions.

The management team of Daka Denmark A/S comprised 36 persons at 31 December 2022, which included the Company's Executive Board and the department managers of various functions and selected specialists. Female managers on the management team made up 27% in 2022 - same level as in 2021. The representation of females in management is now slightly higher than average overall split in the company where female employees made up 23% of all employees by the end of 2022.

Daka Denmark A/S wishes to ensure equal opportunities to all, and its overall goal is to ensure that the Board of Directors at all times is made up of the most suitable candidates, irrespective of gender. The Board of Directors of Daka Denmark A/S comprises eight members of which six members are appointed at the annual general meeting and two members are employee representatives.

The Board of Directors in Daka Denmark A/S has set up a goal for the underrepresented gender on the Board of Directors, which is to account for at least one person. At present, members appointed at the annual general meeting are of the same gender. The goal has not been fulfilled as there have been no qualified candidates among the underrepresented gender. It is still the Company's target that at least one of the Board members appointed by the general meeting is from the underrepresented gender, and that this goal must be fulfilled by the end of 2023.

Daka Denmark A/S' overall goal is to ensure that the Executive Board and management team at all times are made up of the most suitable candidates, irrespective of gender. Furthermore, Daka Denmark A/S wishes to ensure equal opportunities for all and wishes to represent the female/male ratio in society also at management level. In connection with setting goals for the share of women on the Board, the Company has laid down a policy, which describes how to maintain and, if possible, increase the share of women in the Company in general and at management level in particular.

In general, the policy comprises three initiatives regarding women in management positions: Attention by the Company so that female managers are a focus area in the Daka Group, attraction and recruitment, where the Company works to identify and motivate more women to apply for management jobs and retention and development, focusing on management development of women, including courses and coaching processes.

## Management's review

### Events after the balance sheet date

No significant events have occurred after the end of the financial year, which may influence the assessment of the Company's financial position.

After closing of the accounts for 2022, Daka Denmark A/S has engaged with SARIA to support and contribute to the production of biodiesel refined into Sustainable Aviation Fuel. Daka's biodiesel factory will continue to produce biodiesel for road transport in the coming years, but from 2025 a large part of the production is planned to go to aviation fuel. All current employees and staff functions will continue to be in Denmark, and Daka's management will continue to manage the biodiesel business in close coordination with SARIA.

### Outlook

The number of pigs in Denmark has been declining during 2022 and seems to continue the trend in 2023. The future market price level on pork meat will determine the future development and therefore the most important raw material base.

The conflict in Ukraine still affects the general price level and volatility on both energy and finished products is still expected to be higher than normal. The volatility makes the outlook for 2023 uncertain, but it's Management's expectation that the cost of gas and electricity as well as price levels of finished goods will stay on higher levels with expected improved margins in 2023.

All in all, turnover is expected to be at same level as 2022 and net profit for 2023 is expected to be in the range of DKK 20-50 million.

## Financial statements for the period 1 January - 31 December

### Income statement

Note	DKK'000	2022	2021
2	Revenue	1,191,602	1,027,406
	Production costs	-1,049,081	-739,699
	Gross profit	142,521	287,707
	Distribution costs	-41,937	-32,475
	Administrative expenses	-105,846	-121,264
	Ordinary operating profit	-5,262	133,968
	Other operating income	11,566	11,316
	Other operating costs	-674	-1,825
	Operating profit	5,630	143,459
	Income from investments in group enterprises	15,951	30,473
	Income from other investments	1,459	1,395
3	Other financial income	4,881	1,459
4	Financial expenses	-7,518	-4,673
	Profit before tax	20,403	172,113
5	Tax on profit for the year	-1,218	-30,880
	Profit for the year	19,185	141,233

Financial statements for the period 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	<b>ASSETS</b>		
	Non-current assets		
6	Intangible assets		
	Software	15,973	15,232
	Intangible assets under construction	498	3,544
		<u>16,471</u>	<u>18,776</u>
7	Property, plant and equipment		
	Land and buildings	79,481	84,770
	Plant and machinery	172,157	167,906
	Fixtures and fittings, tools and equipment	34,553	30,528
	Property, plant and equipment under construction and prepayments	26,806	7,045
		<u>312,997</u>	<u>290,249</u>
	Investments		
8	Investments in subsidiaries	62,291	78,117
	Other investments	14,935	14,935
		<u>77,226</u>	<u>93,052</u>
	Total non-current assets	<u>406,694</u>	<u>402,077</u>
	Current assets		
	Inventories		
	Raw materials and consumables	43,339	11,459
	Finished goods and goods for resale	94,587	59,760
		<u>137,926</u>	<u>71,219</u>
	Receivables		
	Trade receivables	85,757	74,799
	Amounts owed by group entities	24,915	126,938
	Amounts owed by participating interests	0	1,963
9	Deferred tax asset	160	0
	Joint taxation contribution, receivable	11,587	0
	Other receivables	6,620	3,205
	Prepayments	4,141	2,354
		<u>133,180</u>	<u>209,259</u>
	Cash	<u>22</u>	<u>20</u>
	Total current assets	<u>271,128</u>	<u>280,498</u>
	<b>TOTAL ASSETS</b>	<u><u>677,822</u></u>	<u><u>682,575</u></u>

## Financial statements for the period 1 January - 31 December

### Balance sheet

Note	DKK'000	2022	2021
	<b>EQUITY AND LIABILITIES</b>		
	Equity		
10	Share capital	27,540	27,540
	Hedging reserve	0	-1,755
	Retained earnings	257,499	243,435
	Proposed dividends	0	105,925
	<b>Total equity</b>	<b>285,039</b>	<b>375,145</b>
	Provisions		
9	Provisions for deferred tax	0	217
	Liabilities other than provisions		
11	Non-current liabilities other than provisions		
	Mortgage loans	78,799	84,738
		<b>78,799</b>	<b>84,738</b>
	Current liabilities other than provisions		
	Current portion of non-current liabilities other than provisions	6,058	7,130
	Credit institutions	100,291	26,812
	Trade payables	114,066	108,969
	Amounts owed to group entities	61,823	42,407
	Amounts owed to participating interests	754	0
	Corporation tax	0	164
	Other payables	29,067	34,477
	Deferred income	1,925	2,516
		<b>313,984</b>	<b>222,475</b>
	<b>Total liabilities other than provisions</b>	<b>392,783</b>	<b>307,213</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>677,822</b>	<b>682,575</b>

- 1 Accounting policies
- 12 Contingencies, etc.
- 13 Mortgages and collateral
- 14 Staff costs
- 15 Fees paid to auditors appointed at the annual general meeting
- 16 Related party disclosures

Financial statements for the period 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Hedging reserve	Retained earnings	Proposed dividends	Total
	Equity at 1 January 2021	27,540	-1,780	263,888	123,917	413,565
	Dividend distributed	0	0	0	-123,917	-123,917
	Foreign currency translation adjustments, foreign subsidiaries	0	0	-761	0	-761
	Value adjustments of hedging instruments at 31 December	0	25	0	0	25
17	Transferred; see profit appropriation	0	0	-19,692	105,925	86,233
	Equity at 1 January 2022	27,540	-1,755	243,435	105,925	375,145
	Dividend distributed	0	0	0	-105,925	-105,925
	Foreign currency translation adjustments, foreign subsidiaries	0	0	-5,121	0	-5,121
	Value adjustments of hedging instruments at 31 December	0	1,755	0	0	1,755
17	Transferred; see profit appropriation	0	0	19,185	0	19,185
	Equity at 31 December 2022	27,540	0	257,499	0	285,039

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Daka Denmark A/S for 2022 has been prepared in accordance with the provisions applying to reporting class C large enterprises under the Danish Financial Statements Act.

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

Referring to section 112 of the Danish Financial Statements Act, consolidated financial statements have not been prepared as Daka Denmark A/S and group enterprises are included in the consolidated financial statements of the parent company, SARIA Denmark ApS.

Referring to section 86 of the Danish Financial Statements Act, no cash flow statement has been prepared, as the consolidated financial statements of the ultimate parent company, SARIA Denmark ApS, include a consolidated cash flow statement, in which the Company's cash flows are incorporated.

#### 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 at 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 at 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.

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other receivables or other payables and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity must be transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity must be transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on a current basis.

## Notes to the financial statements

### 1 Accounting policies (continued)

#### Income statement

##### Revenue

The Company has chosen IAS 18 as interpretation for revenue recognition.

Income from collected raw material fees and sale of finished goods, comprising sale of meal, fat and blood products and biodiesel, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

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

##### Production costs

Production costs comprise costs, including depreciation and amortisation and salaries, incurred in generating the revenue for the year. Trading enterprises recognise their cost of sales, and production enterprises recognise their production costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and maintenance, transportation and energy depreciation of production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation as well as costs for protecting internal and external environment.

##### 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, transport and warehouse rent and depreciation are recognised as distribution costs.

##### Administrative expenses

Administrative expenses comprise expenses incurred during the year for group management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation.

##### Other operating income and costs

Other operating income and costs comprise items secondary to the activities of the enterprises, including gains and losses on the disposal of intangible assets and property, plant and equipment.

##### Profits/losses from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

##### Financial income and expenses

Financial income and expenses comprise interest income and expense, realised and unrealised gains and losses on receivables, 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.



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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

The Parent Company is covered by the Danish rules on compulsory joint taxation of the SARIA Denmark ApS Group's Danish subsidiaries. Subsidiaries form part of the joint taxation from the date on which they are included in the consolidated financial statements and up to the date on which they exit the consolidation.

The Parent Company is the administration company for the joint taxation and consequently settles all corporation tax payments with the tax authorities.

The current Danish corporation tax is allocated by settlement of joint taxation contributions between the jointly taxed companies in proportion to their taxable income. In this relation, companies with tax loss carryforwards receive a joint taxation contribution from companies that have used these losses to reduce their own taxable profits.

Tax for the year comprises current tax, joint taxation contributions for the year 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.

##### Balance sheet

##### Intangible assets

##### Goodwill and software

Goodwill and software is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised over 5 years. Software is amortised on a straight-line basis over the estimated useful life of 3-5 years.

##### CO<sub>2</sub> rights

On initial recognition, CO<sub>2</sub> rights allocated and acquired are measured at cost. If CO<sub>2</sub> rights are allocated free of charge, cost is DKK 0.

The basis of amortisation for the CO<sub>2</sub> rights is measured at cost less scrap value. The scrap value depends on whether or not the Company expects to utilise the rights themselves or sell them. The CO<sub>2</sub> rights are amortised as discharged.

To the extent that the actual discharge exceeds the CO<sub>2</sub> rights allocated and acquired, a liability is recognised corresponding to the fair value of the CO<sub>2</sub> rights which the Company is under an obligation to settle.

##### Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and other plant and equipment 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. Land is not depreciated.

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 and salaries.

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.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Buildings	8-33 years
Plant and machinery	2-15 years
Fixtures and fittings, tools and equipment	2-15 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 amortisation 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.

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

#### Investments in subsidiaries

Investments in subsidiaries are measured under the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of Daka Denmark A/S' annual report are not recognised in the reserve for net revaluation.

Acquisitions of subsidiaries are accounted for using the purchase method, according to which the assets and liabilities acquired are measured at their fair values at the date of acquisition.

Any excess of the cost over the fair value of the assets and liabilities identified (goodwill) is recognised as investments in subsidiaries and depreciated over the estimated useful life of five years. The net asset value of goodwill is assessed on an ongoing basis and is written down in the income statement if the carrying amount exceeds the expected future net income from the enterprise or activity to which goodwill is allocated.

#### Other investments

Other securities and investments, recognised under "Non-current assets", comprise unlisted securities measured at cost.

#### Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries and participating interests is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

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 expected net cash flows from the use of the asset or the group of assets and expected net 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.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and direct production costs and indirect production overheads.

Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in the cost.

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.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's and the Group's credit risk management policy. The objective indicators used in relation to portfolios are determined based on historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of the expected 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.

#### Prepayments, assets

Prepayments comprise costs incurred concerning subsequent financial years.

#### Equity

##### *Reserve for net revaluation according to the equity method*

Net revaluation of investments in subsidiaries and participating interests is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve may be eliminated in case of losses, realisation of investments or a change in accounting estimates.

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### *Hedging reserve*

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The hedging reserve does not represent a limitation under company law and may therefore be negative.

##### *Dividends*

Proposed dividends are recognised as a liability at the date when they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

##### *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.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Corporation tax receivable" or "Corporation tax payable".

Deferred tax is measured using the balance sheet 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 relating to goodwill, which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where different tax rules can be applied to determine the tax base, deferred tax is measured based on Management's planned use of the asset or settlement of the liability, respectively.

Tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation, either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

##### *Liabilities other than provisions*

The company has chosen IAS 39 as interpretation for recognition and measurement of debt obligations.

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

Other liabilities are measured at net realisable value.

##### *Prepayments, liabilities*

Deferred income comprises payments received concerning income in subsequent years.

Financial statements for the period 1 January - 31 December

Notes to the financial statements

DKK'000	2022	2021
2 Revenue		
Finished goods, Denmark	172,124	126,474
Finished goods, abroad	219,041	178,580
Biodiesel, Denmark	674,787	510,577
Raw material fees, Denmark	115,098	198,461
Raw material fees, abroad	10,552	13,314
	<u>1,191,602</u>	<u>1,027,406</u>
3 Other financial income		
Interest income from group entities	157	152
Other interest income	96	141
Other financial income	4,628	1,166
	<u>4,881</u>	<u>1,459</u>
4 Financial expenses		
Interest expense to group entities	430	0
Other interest expenses	3,845	1,809
Other financial expenses	3,243	2,864
	<u>7,518</u>	<u>4,673</u>
5 Tax on the profit for the year		
Current tax for the year	1,795	32,869
Adjustment of deferred tax	-872	-1,983
Adjustment of tax relating to previous years	295	-6
	<u>1,218</u>	<u>30,880</u>

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 6 Intangible assets

DKK'000	Intangible assets under construction		Total
	Software		
Cost at 1 January 2022	31,017	3,544	34,561
Additions during the year	1,755	941	2,696
Transferred	3,987	-3,987	0
Disposals during the year	0	0	0
Cost at 31 December 2022	36,759	498	37,257
Amortisation at 1 January 2022	15,785	0	15,785
Disposals during the year	0	0	0
Amortisation for the year	5,001	0	5,001
Amortisation at 31 December 2022	20,786	0	20,786
Carrying amount at 31 December 2022	15,973	498	16,471
Amortised over	3-5 years		

#### 7 Property, plant and equipment

DKK'000	Property, plant and equipment under construction and prepayments			Total
	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	
Cost at 1 January 2022	183,157	511,376	108,555	810,133
Additions during the year	2,982	40,833	10,025	86,251
Transferred	1,661	5,077	5,912	0
Disposals during the year	-157	-17,876	-9,950	-27,983
Cost at 31 December 2022	187,643	539,410	114,542	868,401
Depreciation and impairment losses at 1 January 2022	98,387	343,470	78,027	519,884
Disposals during the year	-157	-17,349	-9,796	-27,302
Depreciation during the year	11,966	31,304	10,651	53,921
Write-down during the year	1,397	14,909	1,795	18,101
Reversal of write-downs	-3,431	-5,081	-688	-9,200
Depreciation and impairment losses at 31 December 2022	108,162	367,253	79,989	555,404
Carrying amount at 31 December 2022	79,481	172,157	34,553	312,997
Depreciated over	8-33 years	2-15 years	2-15 years	

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 8 Investments in subsidiaries

DKK'000	2022	2021
Cost at 1 January	130,010	130,010
Additions during the year	0	0
Cost at 31 December	130,010	130,010
Value adjustments at 1 January	-51,893	-63,144
Dividend paid	-26,615	-18,467
Foreign currency translation	-5,162	-755
Profit/loss for the year	15,951	30,473
Value adjustments at 31 December	-67,719	-51,893
Carrying amount at 31 December	62,291	78,117

Name and registered office:	Voting rights and ownership
Daka ecoMotion A/S, Hedensted	100.00 %
DAKA Ejendomme og Finans A/S, Hedensted	100.00 %
Konvex AB, Lidköping, Sweden	100.00 %
Gyllebo Gødning AB, Lidköping, Sweden	33.33 %
Svensk Lantbrukstjänst AB, Lidköping, Sweden	50.00 %

#### 9 Deferred tax

DKK'000	2022	2021
Deferred tax at 1 January	217	2,186
Adjustment of the deferred tax charge for the year	-872	-1,983
Tax on equity transactions	495	14
Deferred tax at 31 December	-160	217

#### 10 Share capital

The share capital comprises 27,539,600 shares of DKK 1 nominal value each. All shares rank equally.

#### 11 Non-current liabilities

DKK'000	2022	2021
Amounts owed to mortgage credit institutions which fall due more than 5 years after the balance sheet date	52,693	56,219

## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 12 Contingencies, etc.

##### Contingent liabilities

DKK'000	2022	2021
Rent and lease obligations (operating leases) which fall due within 5 years	26,114	37,881
Guarantee for pension commitment in subsidiary	2,023	1,994
	<u>28,137</u>	<u>39,875</u>

For the past few years, the Company has been a party to a pending legal case regarding the export of meat meal and bone meal. In the financial year 2021, the opponent claimed for the payment of an amount that has not yet been determined. The Company disagrees on the question of guilt, and the statement of the amount is still uncertain. Any negative outcome of the case will, in the opinion of Management, not materially affect the financial position of the Company.

Daka Denmark A/S Group is jointly taxed with the Parent Company, SARIA Denmark ApS. Jointly taxed companies which are not wholly owned have limited and secondary liability for Danish withholding taxes on dividends, interest and royalties within the joint taxation unit. The jointly taxed enterprises' total known net liabilities to the tax authorities/SKAT are stated in the financial statements of the administration company. Any subsequent corrections of the joint taxation income and withholding taxes, etc. may result in an increase in the Company's liability.

#### 13 Mortgages and collateral

Land and buildings with a carrying amount of DKK 79,481 thousand have been provided as collateral for mortgages. In addition, a considerable part of the Parent Company's plant and machinery is deemed to be included in the collateral. Mortgage loans amounted to DKK 84,857 thousand at 31 December 2022.

DKK'000	2022	2021
<b>14 Staff costs</b>		
Wages and salaries	148,680	158,343
Pensions	12,093	11,665
Other social security costs	5,767	5,451
	<u>166,540</u>	<u>175,459</u>
Remuneration to the Executive Board and the Board of Directors	<u>2,058</u>	<u>2,050</u>
Average number of full-time employees	<u>243</u>	<u>243</u>
<b>15 Fees paid to auditors appointed at the annual general meeting</b>		
Statutory audit	298	248
Assurance engagements	20	28
Tax consultancy	215	0
Other non-audit services	375	667
	<u>908</u>	<u>943</u>



## Financial statements for the period 1 January - 31 December

### Notes to the financial statements

#### 16 Related party disclosures

##### *Parties exercising control*

SARIA Denmark ApS, Lundagervej 21, DK-8722 Hedensted holds the majority of the share capital in the Company.

The consolidated financial statements of SARIA Denmark ApS are available at the Company's address and at [www.cvr.dk](http://www.cvr.dk).

Daka Denmark A/S is included in the consolidated financial statements of the ultimate parent company, Rethmann SE & Co. KG, Selm, Germany.

#### 17 Appropriation of profit/loss

DKK'000	2022	2021
Extraordinary dividends paid	0	55,000
Proposed dividends	0	105,925
Retained earnings	19,185	-19,692
	<u>19,185</u>	<u>141,233</u>