Premier Is

Hele Danmarks Ismejeri

Part of FOOD UNION

ANNUAL REPORT

for the financial year ended 31 December 2021

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 2 May 2022

Mejerigaarden, CVR nr. 37 31 73 14

Claus Dahlmann Larsen, Chairman

CONTENTS

The Board of Directors and the Executive Board have today considered and adopted the Annual Report of Mejerigaarden A/S (the Company) for the financial year 1 January 2021 to 31 December 2021.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Management's Review 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 financial position at 31 December 2021 of the Company and of the results of the Company's operations and cash flows for the financial year ended 31 December 2021.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Thisted, 2 May 2022

EXECUTIVE BOARD

Claus Dahlmann Larsen
CEO

BOARD OF DIRECTORS

Arturs Cirjevskis Chairman of the Board	Andrei Beskhmelnitskii Board member	Nodir Normatov Board member

2 INFORMATION ON THE COMPANY

The Company	Mejerigaarden A/S CVR No. 37 31 73 14
Address of the Company	Sennelsvej 1, DK-7700 Thisted Municipality of re. office: Thisted
Board of Directors	Arturs Cirjevskis (Chairman of the Board) Andrei Beskhmelnitskii (Member of the Board) Nodir Normatov (Member of the Board)
Executive Board	Claus Dahlmann Larsen
Reporting period	1 January 2021 – 31 December 2021
Name and address of the certified audit company	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK – 7400 Herning CVR No. 33 77 12 31
Bankers	Ringkjøbing Landbobank

MANAGEMENT'S REVIEW

The Annual Report of Mejerigaarden A/S has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, applying to large enterprises of reporting class C. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

PRINCIPAL ACTIVITIES

Mejerigaarden A/S (the Company) carries on production, sale and distribution of ice-cream products primarily for the Danish market. Principal activities have not changed compared to previous reporting year.

MARKET OVERVIEW

The overall market in Denmark for Mejerigaarden's products is generally stable but showed a decrease in 2021 compared with 2020 due to the COVID-19 pandemic.

The market remains subject to some difficult general conditions and is still a very competitive market with much focus on price

DEVELOPMENT IN THE YEAR

The financial year 2021 was negatively affected by the impacts of the COVID-19 pandemic. Some sales channels were negatively affected due to lock downs, other sales channels were unaffected.

In 2021 the company received a cash capital increase of DKK 70.000k

The Company maintained its total market share in 2021.

Overall, the above is reflected in the financial development; the income statement shows a profit of DKK 23.026k and equity amounts to DKK 207.772k.

The results matched Management's expectations for 2021 and are thus considered satisfactory.

EXPECTED FINANCIAL DEVELOPMENT

The Company expects to see satisfactory results for 2022. The expectation is a growth in revenue on 1-3 %, and result lower than 2021 in the region of 5-10 %, due to increase in cost prices. Reference is made to subsequent events.

SPECIAL RISKS

Operations

The Company's earnings may to a significant extent be affected by the weather in the summer months in Denmark. Moreover, the Company's activities are affected by the price level of basic raw materials such as cream, proteins, sugar, etc.

Financial risks

The Company is not exposed to changes in exchange rates and interest-rate levels to any material extent.

The Company's activities in foreign currencies are limited; consequently, changes in exchange rates and interest rates will not affect results, cash flows and equity to any material extent. The Company's interest-bearing debt consists primarily of intercompany payables or is based on a fixed interest rate and, therefore, changes in interest rates will have a limited effect on earnings.

RESEARCH AND DEVELOPMENT ACTIVITIES

The Company applies considerable resources on product development. Product development costs are treated for accounting purposes as part of the production costs.

EXTERNAL ENVIRONMENT

The Company makes targeted efforts to reduce its consumption of resources and environmental impact.

The climate and environmental policy adopted is based on financially and environmentally sound operations and is a natural and important element of Management's target of optimising both production conditions and product quality.

Corporate social responsibility report

THE COMPANY'S BUSINESS MODEL

Mejerigaarden A/S carries on production, sale and distribution of ice-cream products primarily for the Danish market.

The production of ice-cream products takes place primarily at the Company's plant in Thisted. The Company also imports ice-cream products. The products are sold under the trademarks Premier Is, Polar Is, Underground and Rønbjerg.

The distribution of the Company's own products is operated partly through our own sales vans to retailers and partly through central warehouses to wholesalers.

The Company has minor exports to the Scandinavian markets and to Germany, United Kingdom, Israel, Poland and Latvia.
Mejerigaarden is part of the Food Union Group.

Mejerigaarden A/S wants to contribute to social responsibility throughout its value chain and has a size that requires but not least entitles the Company to take active social responsibility.

Mejerigaarden A/S wants to work with CSR as an integrated part of its strategy and operations with focus on internal and external responsibility including impact on the environment, requirements for sub-suppliers, working conditions and training. Based on the already existing policies and results, CSR will therefore continue to form a natural part of the day-to-day work of Mejerigaarden A/S and comprises all activities carried out by Mejerigaarden A/S as defined in policies for the Company's environmental impact, public health, working conditions, gender composition of Management, welfare to work programmes and training, human rights, child labour and anti-corruption.

Mejerigaarden A/S will continue to relate to its surroundings and further develop its CSR strategy to take into account not only CSR but all that CSR means to the entire Mejerigaarden A/S.

ETHICAL TRADING AND ANTI-CORRUPTION RULES

All types of corruption, bribery, fraud and money laundering are strictly prohibited. We reject all unfair and restrictive trading practices. No employee of the Company is allowed to accept personal gifts, services, travels, event offers or similar benefits of material value from suppliers or other business partners.

It is strictly forbidden to grant, offer or promise any benefit, whether directly or indirectly, to any public officer with a view to wrongfully influencing the exercise of public authority in connection with purchases, tendering or any other type of business or business transaction that may result in an undue gain.

We are on the lookout for conflicts of interests, and our employees should always safeguard the Company's interests over their personal interests. We encourage everyone to use their common sense.

We focus on the Company's internal procedure and control measures and are striving continuously to adapt these to our day-to-day work and in response to external impacts. We did not during the year identify any instances in the nature of bribery, fraud or corruption.

It is an unconditional requirement that our suppliers declare to meet an internally defined code of conduct, which contains CSR requirements defined by, among others, the UN, OECD and the Danish Ministry of Business, Industry and Financial Affairs.

The purpose of the internal code of conduct is, among other things, to ensure that Mejerigaarden actively aims at complying with laws, regulations and generally accepted practice to avoid any form of corruption, including bribery and money laundering.

EMPLOYEES AND WORKING ENVIRONMENT

Also in 2021, Mejerigaarden A/S saw good results from its focus on an improved working environment, including measures to prevent accidents as well as a number of tools to support development, training and job satisfaction.

The Company actively works on setting up action plans based on APVs (workplace assessments) for the purpose of taking action in the areas that will contribute the most to improving the working environment. Together with the job centre, the Company forms part of a project called code of care which aims at helping disadvantaged citizens out of unemployment and into jobs.

DATA ETHICS

Mejerigaarden A/S complies with personal data legislation in all matters, primarily in relation to data concerning the group's own employees. All other data that the group may have is considered business-critical, and will therefore not be used in other contexts than those collected for, or made available to third parties, be it for free or by sale.

Mejerigaarden A/S therefore does not currently assess the need for a policy for data ethics, but management will follow developments in the area with a view to potential later reassessment.

ENVIRONMENT AND CLIMATE

Mejerigaarden A/S produces ice-cream products, which requires a significant consumption of energy. The energy consumption is mainly used for cooling, heating and freezing.

The actual energy consumption varies compared to the production volume and product mix and, consequently, the determination of gross production target figures is less relevant for the Company.

The energy consumption has developed as follows:

	Electricity			Natural gas		
	2021	2020	2019	2021	2020	2019
KWH	5 472 092	5 396 978	5 508 330			
M3				240 771	275 259	243 564
Per production hourly wage	57.50	55.17	56.82	2.53	2.82	2.51

Electricity consumption developed negatively in relation to production output, whereas gas consumption saw an decrease in 2021.

Mejerigaarden A/S continuously works on minimising its indirect environmental impact by selecting packaging types with the least possible impact on the environment. Thus, sustainability, including the climate impact, constitutes the Company's primary strategy area. All packagning materials use is FSC certified.

A few years ago, the Company entered into a climate partnership with Dong (Ørsted) and implemented an energy savings project under which feasible energy efficiency measures were introduced.

The Company's waste water is monitored and neutralised before it is released to a purification plant, and waste from the production is sold for biogas production to the extent possible.

HUMAN RIGHTS

Mejerigaarden A/S supports and respects internationally declared human rights. We are actively working to ensure that all of our employees are treated fairly equally and respectfully. We do not employ anyone below the age of 15, and the age of all employees is verified through their civil registration number. This is checked monthly, and no incidents was discovered during 2021.

It is our ambition to promote diversity and to focus on employee involvement and competence development, We do not accept differential treatment of any kind nor threats suppression or harassment of any kind among our employees or among suppliers.

Mejerigaarden A/S obtains its raw materials and packaging worldwide. Through supply agreements and supplier cooperation as well as the use of certified ingredients (UTZ, RSPO), we place specific requirements for suppliers' compliance with human rights as per UN conventions and the ILO as well as for not using child labour.

STATEMENT ON GENDER REPRESENTATION

Gender representation in Management

At Mejerigaarden A/S, we emphasise the development of our organisation and employees. We see diversity among our employees as a strength and make an active effort to avoid negative discrimination of employees based on gender, ethnicity or religious beliefs so that all employees at all levels have the same rights, duties, opportunities and equal pay for the same work.

For 2021, the gender representation at management levels was as follows:

	Woman	Targets for woman	Men
Board of Directors	0%	25%	100%
Other managers	33%	33%	67%

Gender representation is unchanged compared to 2020

The Board of Directors consists of two representatives of the Company's foreign owners and a representative of Group Management.

As a first step in the direction of an equal gender representation, the Executive Board of Mejerigaarden A/S will, through dialogue, actively seek to influence the owners to increase the Board of Directors to four members elected at the General Meeting in order thus to open up for the possibility of having women represented on the Company's Board of Directors.

As regards other executives, it is the Company's intention to ensure equal opportunities for both genders in order to promote an equal gender representation. Emphasis is placed on attracting both male and female candidates particularly in connection with recruitment.

SUBSEQUENT EVENTS

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

The future outlook of the company will be affected by an unprecedented and unexpected increase in cost prices for raw materials, energy and services. Outbreak of war between Russia and Ukraine has increased cost prices further.

Supply chains are disrupted causing situations with shortage of supply on various necessary materials with potential risk for the company's ability to maintain normal delivery performance toward customers.

FINANCIAL HIGHLIGHTS

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

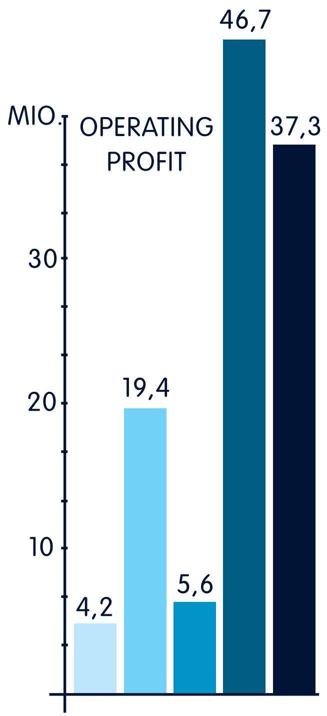
	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
Profit/loss					
Revenue	488 287	492 150	427 942	468 046	342 209
Gross profit	265 937	266 873	213 441	226 169	109 856
Operating profit	37 309	46 727	5 628	19 397	4 155
Profit/loss before financial income and expenses	37 309	46 727	5 628	19 397	4 155
Net financial items	-7 708	-13 170	-10 526	-13 112	-5 710
Net profit/loss for the year	23 026	26 100	-5 656	4 877	-84
Balance sheet					
Balance sheet total	437 109	480 070	426 144	360 525	335 827
Equity	207 772	114 746	88 646	94 302	89 425
Cash flows					
Cash flows from:					
- operating activities	53 298	122 184	51 147	47 172	5 254
- investing activities	-23 132	-15 040	-15 334	-23 931	-127 783
- including investment in property, plant and equipment	*-27 622*	*-15 606*	*-19 013*	*-31 069*	*-27 235*
- financing activities	-94 662	-29 954	-35 489	-15 480	129 440
Change in cash and cash equivalents for the year	-64 495	77 190	325	7 760	6 911
Number of employees	338	324	439	306	240
Ratios					
Gross margin	54,5%	54,2%	49.9%	48.3%	32.1%
Profit margin	7,6%	9,5%	1.3%	4.1%	1.2%
Return on assets	8,5%	9,7%	75.7%	18.6%	80.8%
Solvency ratio	47,5%	23,9%	20.8%	26.2%	26.6%
Return on equity	14,3%	25,7%	-6.2%	5.3%	0.1%

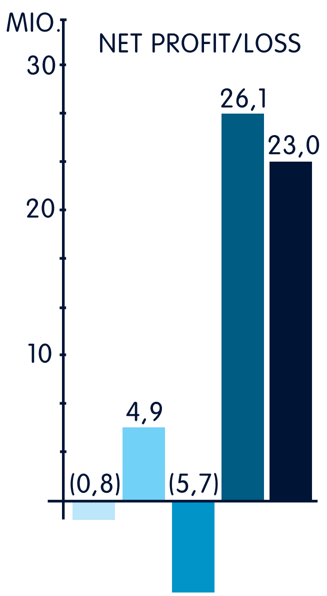
With effect from 1 January 2020, Mejerigaarden A/S has been merged with the since 2017-wholly-owned subsidiary Hjem-IS Danmark A/S. Comparative figures include the total activity for the previous two independent units (except for 2016).

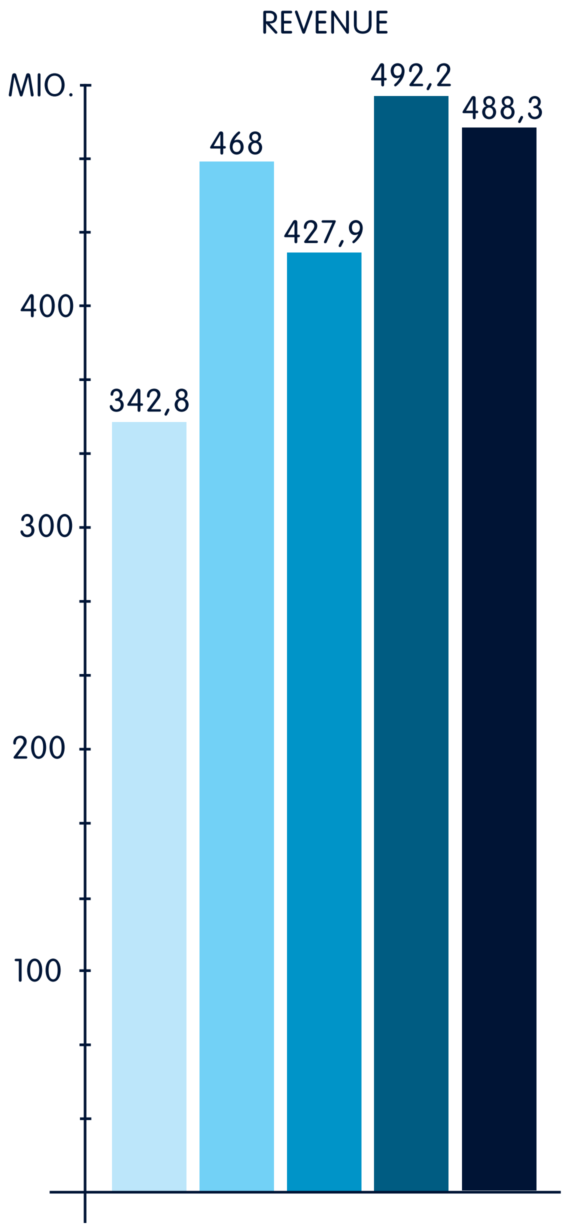
The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

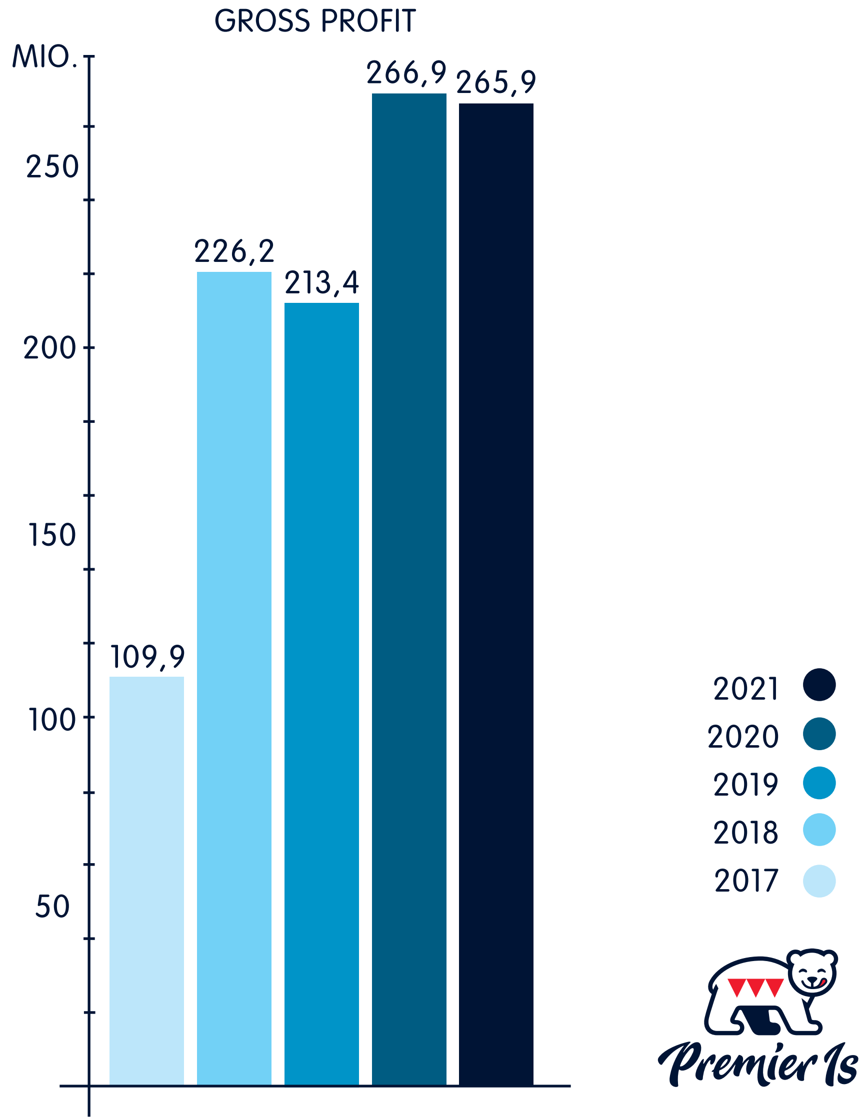
In 2018, with effect from 1 January 2017, the Group has chosen to submit annual financial statements in accordance with IFRS. The Group has previously prepared annual financial statements in accordance with the Danish Financial Statements Act. The comparative figures for 2017 have been restated. Other comparative figures before 2017 have not been restated.

8 FINANCIAL HIGHLIGHTS









A SATISFACTORY RESULT IN A DIFFICULT MARKET

In 2020, Premier Is presented the best annual results in the company's history, following a year marked by the Covid-19 pandemic. A strong result is also the headline for our 2021 story, which will go down in history as our second best year since 1933.

By and large, the overall 2021 sales channels results remain mostly unchanged on the year before. 2020 was an extraordinarily good year, in which the category grew by 15%. It is therefore very positive that we were able to maintain revenue at the same level in 2021. This is especially true in relation to Hjem-IS, which grew strongly in 2020.

Once again in 2021, the Covid-19 pandemic was an unavoidable part of life. The first quarter in particular was marked by restrictions that challenged sales significantly. Moreover, while the 2020 peak season saw many Danes spend their summer in Denmark, the pandemic did not bring the same effects on the peak season in 2021.

We are therefore particularly proud of this year's result. Despite the fact that the restrictions and the big market fluctuations have made it difficult to forecast, we have managed to hit our targets. For us, this is testament to the fact that we, as an organisation, know which direction we are going in and how the market is affecting us.

This year's result is in no small part due to the hard work of our talented employees. We would like to thank them all for their support in executing our strategy and especially for their hard work during 2021 despite the Covid-19 pandemic and the worries that it brought with it.

A SOLID FOUNDATION FOR FUTURE GROWTH

Our 2021 results prove that we – with the strategy that will take us to 2023 – are where we aimed to be. The strategy, 'The New Premier Is', was launched in 2020 and focuses on showing Danes that there is an ice cream for every occasion. That is why we are now working with three seasons instead of one peak season – a choice we have seen the impact of in 2021.

Our new strategy has enabled us to build a platform from which it is possible to scale and grow. As a company, we are in a much stronger position, which means that we have time to make the right decisions on a market characterised by high volatility. This also means that we were in a better position to withstand some of the big price increases on, among other things, raw materials, packaging, and logistics, which we started seeing at the beginning of the second half of the year, and which continued until the end of the year.

A STRONGER DIGITAL PRESENCE

There is also no doubt that the digitalization that we turbocharged during the first half of the Covid-19 pandemic has played a big role for our 2021 results. Already during the first part of the Covid-19 pandemic, our results revealed the positive effects of the increased digitisation. Our e-commerce grew strongly, and we managed to maintain that development in 2021.

To further support our 2023 strategy, the past year has led to a strengthening of our e-commerce through the webshop, activation, tracking, and continuous communications. Digital marketing is more dominant for us than ever before, and it is an area we are hoping can take us to the next level. We are continuing to develop and grow our digital marketing efforts and therefore also expect the positive development to continue in the coming years.

ONE UNITED CULTURE

Internally, our organisation is also in a different and much better position than previously. We are experiencing a high degree of engagement and responsibility, which is also evident in our results. 2021 marks the first year of Premier Is and Hjem-IS being under the same roof from an organisational point of view, even though we have shared functions across the organisation since 2019.

In that regard, it has been a big and important priority to unite the cultures of Premier Is and Hjem-IS respectively into one united corporate culture. A significant initiative in this context was the yearly kick-off, which for the first time ever was held for all employees in December, hosted by our partner, LEGOLAND. We presented our plans for 2022 and unveiled the new varieties that will make Danes' hearts melt. A strategy workshop and an orienteering race that brought smiles to everyone's faces also took place at the unique location. Here at Premier Is, we put action behind our values – being innovative, brave and dedicated, and having fun.

INNOVATION AT THE FOREFRONT

The fusion between Premier Is and Hjem-IS also puts us in a better position when it comes to innovating our business – an element that in many ways must be said to be the focal point for 'The New Premier Is'. In addition to obvious economies of scale in relation to administration, logistics, and administration, it offers us new opportunities to create products and experiences that no one else is able to create.

Innovation is also key in relation to the opening of Premier Is' first flagship store in Thisted, northern Jutland. The flagship store will in many respects be used as a laboratory for the development and testing of new products, and we are very pleased with the positive reception the store has had.

ADDING VALUE THROUGH PARTNERSHIPS

At the same time, in 2021, we have succeeded in establishing stronger partnerships, and we believe that our customers have confidence that we can create value together. A central part of our 2023 strategy is the aim to become more attractive for our customers and help support them in achieving their objectives. As we have undergone significant development in recent years, we have also become much more oriented towards the outside world. The fact that we are proactive in creating value is something our partners really appreciate and respond well to.

In addition to this, we have become sharper in our segmentation of our partners. More specifically, we have differentiated our offers in order to better tailor them to our client profiles and their priorities, among other things. We've also grown more skilled as tradesmen. In close collaboration with our partners, our competent and experienced employees have managed to unleash a potential we have not previously seen, and both parties are reaping the benefits.

GREEN INITIATIVES ACROSS THE BUSINESS

Sustainability remains an important topic when it comes to planning the future of Premier Is. It is no secret that producing ice cream is an energy-intensive affair, and we are very conscious of our responsibilities.

With our strategy as a starting point, we have a continuous focus on ways in which we can move to a more environmentally friendly production and operation – in the short-term as well as the longer-term. In 2021, we introduced, among other things, a number of packaging initiatives to reduce our environmental footprint. At the same time, we have reduced the number of kilometres on the road at the transport end by optimising our distribution and logistics as well as parts of our inventory, such as the purchase of low-energy freezers.

A GOOD STARTING POINT FOR THE FUTURE

Going forward, we will be focusing much more on improving further in the areas in which we have done well in recent years. 2020 and 2021 marked the introduction of major changes and new ways of working. In 2022 and 2023, we want to become even better at producing, selling, and marketing ice cream products in the new commercial reality and with our new ways of working as the starting point – all with the ambition of further strengthening our position.

We are currently facing significant challenges in relation to the sharp rise in raw material and energy costs. We expect 2022 to be a particularly challenging year for the same reason. That is why we are also very pleased to have come so far in our company transformation. We are now in a better position to handle external factors such as the ones we are currently faced with.

This year's result must not become an excuse for stagnation, and we must keep the momentum going. As such, the expectations for 2022 are high. Our continued ambition is to drive the ice cream category through innovation, and we are already well on the way – better prepared than ever before.

A MORE SUSTAINABLE ICE CREAM PRODUCTION

Since the foundation of Premier Is back in 1933, our goal has been to make ice cream in a league of its own, and we still use this ambition as a compass for the further direction and development of Premier Is. While we are bound by traditions, we also look towards the future – not just in relation to our products, but also in relation to the outside world.

As the largest ice cream dairy on the Danish market, we have a responsibility to ensure that we work to create a more sustainable ice cream production. We are very conscious that a greener profile plays an important role for employees as well as customers and consumers. For that same reason, we have already reorganised our logistics structure, made our consumption more energy-efficient, started using recycled cardboard for the packaging, and added sorting and recycling instructions to it.

Special initiatives in 2021 included having our CO2 load mapped in collaboration with an external consulting house and receiving a number of specific recommendations for areas where we can reduce our environmental footprint. This is important preliminary and analytical work, as reorganising an ice cream production like ours requires large investments.

There is no doubt that we have already come a long way. Yet it is no secret that we can do more in order to create a green and climate-friendly ice cream production.

INNOVATION AND CATEGORY DEVELOPMENT AT HEART

Here at Premier Is, we have a clear growth strategy that puts innovation and category development at the centre of everything we do up until 2023. Throughout these years, we are seeing a huge focus on products made in Denmark, and this is our starting point for creating new experiences in the ice cream category and doing something that no one else is able to do.

We have set the bar high in our innovation process, and as Denmark's largest ice cream dairy, we take it upon ourselves to drive the ice cream category and always be the first to present innovative and exciting new ice cream varieties.

Our new ice cream varieties are developed on the basis of all the new input we get from customers, consumers, and employees alike. In addition, we also look beyond the Danish borders and consider which international food trends could be relevant for Danish consumers as well.

FLAGSHIP STORE OPENING IN THISTED

The opening of our first flagship store in Thisted, northwestern Jutland, in July 2021 was an important cornerstone in our strategic work to create innovative ice cream concepts all year round.

In the store, you will encounter products that are not available elsewhere, as the flagship store is also used to test new products. In addition, there are freshly baked waffles and fun Premier Is merchandise for sale.

The flagship store development takes place in collaboration with our talented product developers, and we are very excited about the positive reception the store has had.

11 NEW VARIETIES FOR THE FREEZER IN 2022

Premier Is' skilled employees have looked into the crystal ball for 2022 and developed new, exciting products for ice cream loving Danes.

In addition to the new varieties Zombis and Isfidus created for children, and indeed others with a child-like love of ice cream, we have developed a new vegan alternative in the form of VegaNice with flavours of rasperry and liquorice, as well as three new Underground varieties: one with cookie dough, and two vegan versions with banana/cocoa and rasperry/chilli/liquorice.

In 2021, we launched a new business leg consisting of sprinkles and toppings, which was extremely positively received. But we are also bringing important lessons into 2022, where we will further strengthen this business leg. In 2022, we will have launched ten varieties of sprinkles and toppings for a new menu concept that can be found in most Premier Is ice cream shops across the country.

As a result of a historic collaboration with Bisca, three new icecreams have been launched under the series “De Danske Kageklassikere”. The three new varieties are: ”Snøfler”, ”Karen Volf Drømmekage” and ”Karen Volf Brownie”.

For both Premier Is and Bisca, it has been natural to expand two already strong brands into new categories, and the timing is perfect, as there is a massive focus on Danish-produced products. The collaboration is a result of an increased focus on innovation at both companies, and with ‘De Danske Kageklassikere’ we have succeeded in combining good craftsmanship and a common desire to provide new but well-known taste experiences.

RELAUNCHING UNDERGROUND

2021 was also the year that we relaunched the iconic ice cream brand Underground with a new and more colourful design – an old classic that marks an innovative change of style on the journey towards becoming the ice cream house of the future.

We have spent the past year building the brand, in particular through the Wavemarkers campaign, which targets the younger generations who challenge norms and help us see the world through a new lens.

Underground is not only a quality ice cream; it also taps into the current trend of refusing to compromise on taste despite being low on calories. This is a trend we expect will grow in the coming years.

THRIVING AT WORK WITH 'THE FOUR GOLDEN PRINCIPLES'

Part of the 2023 strategy, 'The New Premier Is', is to create a unified identity with shared values and rules to ensure that employees are happy and thriving at work. The goal is for Premier Is to further succeed in bringing together the employees around a stronger Premier Is brand, and for Premier Is to be a good place to work.

'The four golden principles' are the internal principles of Premier Is to ensure just that.

1

THE RIGHT BALANCE

Time and tasks - realistic expectations
Work life/private life - time off with a clean conscience

2

WORKING WITH PURPOSE AND MEANING

Knowledge of how the job contributes to the overall goal
Alignment of personal and company values
Powerful tools that can improve quality of work

3

INFORMATION AND TRANSPARENCY IN COMMUNICATION

Clear direction and priorities - creating a safe and supportive environment. Being informed on current status and company news - celebrating successes

4

ACKNOWLEDGEMENT AND DEVELOPMENT

Focus on work effort vs. mistakes and poor results
Professional/personal sparring and vertical/horisontal development

"Premier Is is a workplace with many opportunities. My colleagues are incredibly talented within their respective fields, and the tone we use among ourselves is nice and humorous. The tasks are a nice mix of operations and development, which provides a varied day-to-day working life. Goals are clear, and everyone pulls together to achieve the goals for 2023 ."

SARA GUDSØ BEUSCHAU
Digital Activation Manager, employed since 2020

"I have been in the company since 2004, and the last 2-3 years have been a lot of fun as we have gone through very positive development. This is mainly because of more customers at the Hjem-IS trucks, better marketing, and new sales tools. In addition to that, it has been very exciting to become part of the world of Premier Is with all the different clients we have."

LARS TANG
Sales and Depot Manager – Vordingborg and Ringsted,
employed since 2004

STATEMENT OF COMPREHENSIVE INCOME

	Note	2021 DKK	2020 DKK
Revenue	5	488 286 774	492 150 356
Cost of goods sold	6	(222 349 879)	(225 277 845)
Gross profit		**265 936 895**	**266 872 511**
Selling expenses	7	(187 231 832)	(179 885 023)
Administrative expenses	8	(41 810 697)	(42 440 444)
Other operating income	9 (a)	1 258 635	2 383 970
Other gains / (loss), net	9 (b)	(548 934)	191 397
Other operating expenses	9 (c)	(295 134)	(395 369)
Operating profit		**37 308 932**	**46 727 042**
Finance costs	10	(7 584 974)	(13 495 302)
Foreign exchange gain / (loss), net		(122 719)	325 575
Profit before income tax		**29 601 239**	**33 557 315**
Income tax expense	13	(6 575 278)	(7 456 912)
Profit for the year		**23 025 961**	**26 100 403**
Other comprehensive income/ (expenses)		-	-
Total comprehensive profit for the reporting year		**23 025 961**	**26 100 403**

Notes on pages from 21 to 63 form an integral part of these financial statements.

Assets	Note	31.12.2021. DKK	31.12.2020. DKK
Non-current assets			
Intangible assets	16	161 799 420	160 286 152
Property, plant and equipment	17	126 380 974	129 420 822
Trade and other receivables	19	2 792 693	2 569 356
Total non-current assets:		**290 973 088**	**292 276 330**
Current assets			
Inventories	18	88 374 263	69 434 063
Trade and other receivables	19	29 596 637	25 699 549
Cash and cash equivalents	20	28 164 909	92 659 660
Total current assets:		**146 135 808**	**187 793 272**
Total assets		**437 108 896**	**480 069 602**
Liabilities			
Share capital	21	1 100 000	1 100 000
Share premium	21	69 999 991	-
Other reserves		617 488	617 488
Retained earnings		136 054 781	113 028 820
Total equity:		**207 772 260**	**114 746 308**
Non-current liabilities			
Borrowings	22	69 023 162	208 173 085
Deferred tax liability	23	24 821 000	23 741 300
Trade and other liabilities	24	13 058 796	13 561 260
Total non-current liabilities:		**106 902 958**	**245 475 645**
Current liabilities			
Borrowings	22	36 079 396	43 122 396
Current income tax		5 467 608	-
Trade and other payables	24	80 886 675	76 725 253
Total current liabilities:		**122 433 679**	**119 847 649**
Total liabilities:		**229 336 636**	**365 323 294**
Total equity and liabilities:		**437 108 896**	**480 069 602**

Notes on pages from 21 to 63 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Retained earnings	Total
	DKK	DKK	DKK	DKK	DKK
Balance as at 31.12.2019	**1 100 000**	**-**	**617 488**	**86 928 417**	**88 645 905**
Total comprehensive income for the reporting year	-	-	-	26 100 403	(26 100 403)
Balance as at 31.12.2020	**1 100 000**	**-**	**617 488**	**113 028 820**	**114 746 308**
Shareholder subsidy	-	69 999 991	-	-	**69 999 991**
Total comprehensive income for the reporting year	-	-	-	23 025 961	**23 025 961**
Balance as at 31.12.2021	**1 100 000**	**69 999 991**	**617 488**	**136 054 781**	**207 772 260**

Notes on pages from 21 to 63 form an integral part of these financial statements.

	Note	2021 DKK	2020 DKK
Cash flows from operating activities			
Profit/ (loss) before tax		**29 601 239**	**33 557 316**
Adjustments for: Depreciation of property, plant and equipment	17	29 133 480	27 404 926
Amortization of intangible assets	16	11 883 893	11 121 957
Interest expenses	10	6 394 695	12 500 141
Impairment of receivables and inventory		(76 646)	(423 091)
Change in accrued liabilities		19 158 040	10 852 086
(Gain) on disposal of non-current assets		548 934	(191 397)
		96 643 635	**94 821 938**
Adjustments for:			
(Increase)/ decrease in inventories		(18 940 199)	(1 046 050)
(Increase)/ decrease in trade and other receivables		(4 414 197)	21 412 656
Increase/ (decrease) in trade and other payables		(20 333 799)	14 051 819
Cash generated from operations		**52 955 440**	**129 240 363**
Corporate income tax paid		342 530	(7 056 000)
Net cash generated from operating activities		**53 297 970**	**122 184 363**
Cash flows from investing activities			
Acquisition of tangible and intangible assets		(27 622 127)	(15 605 618)
Proceeds from sale of tangible assets and intangible assets		4 490 579	565 778
Net cash used in investing activities		**(23 131 548)**	**(15 039 840)**

Notes on pages from 21 to 63 form an integral part of these financial statements.

	Note	2021 DKK	2020 DKK
Cash flows from financing activities			
Capital subsidy	21	69 999 991	-
Borrowings received		-	23 427 966
Repayments of borrowings	22 (vii)	(142 932 249)	(30 675 426)
Interest paid		(3 164 886)	(7 083 390)
Lease liabilities with purchase option interest payments		(284 875)	(40 926)
Lease liabilities without purchase option interest repaid		(1 519 257)	(1 780 633)
Lease liabilities with purchase option payments		(2 161 776)	(508 108)
Lease liabilities without purchase option repaid		(14 598 867)	(13 293 666)
Net cash used in financing activities		**(94 661 919)**	**(29 954 183)**
Net (decrease) / increase in cash and cash equivalents		**(64 495 497)**	**77 190 340**
Result of foreign exchange rate fluctuations		746	1 091
Cash and cash equivalents at beginning of the year	20	**92 659 660**	**15 468 229**
Cash and cash equivalents at end of the year	20	**28 164 909**	**92 659 660**

Notes on pages from 21 to 63 form an integral part of these financial statements.

1. GENERAL INFORMATION

This Annual Report is approved by the Company's Supervisory Board and the General Meeting of Shareholders authorises it for issue.

Mejerigaarden A/S is involved in production, wholesale and door-step-delivery of ice-cream and related accessories.

The Company belongs to the ice-cream and dairy industry group that is known under the name of Food Union. The only shareholder of the Company is Food Union Holding (CY) Company Limited, incorporated in Cyprus. Food Union Holding (CY) Company Limited prepares consolidated financial statements for the Food Union group (hereinafter "the FU Group") that are available on the company's registered address.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BASIS OF PREPARATION

The financial statements of Mejerigaarden A/S are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by European Union (EU) and additional requirements in the Danish Financial Statements Act applying to large enterprises of reporting class C.

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the IFRS accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

The financial statements are presented in Danish krone (DKK). Certain monetary amounts, percentages and other figures included in this report are subject to rounding adjustments. On occasion, therefore, amounts shown in tables may not be the arithmetic accumulation of the figures that precede them, and figures expressed as percentages in the text and in tables may not total 100 percent. Changes for periods between monetary amounts are calculated based on the amounts in ore coin and then rounded to the nearest coin.

The reporting period for the financial statements is from 1 January 2021 until 31 December 2021.

ADOPTION OF NEW AND REVISED IFRSS AND INTERPRETATIONS

The following new and revised IFRS and interpretations became effective from 1 January 2021, but had no significant impact on the operations of the Company and these financial statements:

- Covid-19 related Rent Concessions – amendments to IFRS 16.
- Interest Rate Benchmark (IBOR) Reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.

The amendments did not have any impact on the Company's financial statements.

Standards and interpretations effective for the first time for the annual periods beginning after 1 January 2021 or not yet endorsed by the EU:

The Company has adopted the below amendments and it has had no material impact on the financial statements of the Company.

- Classification of Liabilities as Current or Non-current – amendments to IAS 1.
- Property, Plant and Equipment: Proceeds before intended use – amendments to IAS 16.
- Onerous Contracts – Cost of Fulfilling a Contract – amendments to IAS 37.
- Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3.
- Annual improvements to IFRSs 2018 to 2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41.

The below amendments are not relevant to the Company's operations and are expected to have no impact on the Company's financial statements.

- Sale or contribution of assets between an investor and its associate or joint venture – amendments to IFRS 10 and IAS 28.
- IFRS 17 "Insurance Contracts".
- Amendments to IFRS 4 – deferral of IFRS 9

FOREIGN CURRENCY TRANSLATION

(236) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Danish krona (DKK), which is the Company's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

REVENUE RECOGNITION

Revenue is recognized based on the price specified in the contract, net of value added taxes, volume rebates granted, returns and discounts.

Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

The Company does not expect to have any contracts where the period between the transfer of the goods or services to the customer and payment by the customer exceeds one year. Consequently, the Company does not adjust any of the transaction prices for the time value of money.

Revenues earned by the Company are recognized on the following bases:

(i) Sales of goods and services

Sales are recognized when control of the products has transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sales of services are recognized in the accounting period in which the services are rendered, by reference to the stage completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Major part of services relates to sale of goods and accordingly service revenues are recognized at a point in time in the same patter as the revenue from sale of goods is recognized.

Timing of revenue recognition for other services, if provided for prolonged time periods, is "Over time".

(ii) Interest income

Interest income is recognized on time-proportion basis using the effective interest rate method.

(iii) Rental income

Rental income arising on leases is recognized as Other operating income on a straight-line basis over the lease term.

CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in Denmark. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit / loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

Buildings	10-20 years
Equipment and machinery	6-15 years
Other fixed assets and motor vehicles	5-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Fixed assets under construction represents costs of fixed assets and fixed assets under construction, thereby the initial cost is maintained. The initial cost includes construction costs and other direct costs. Depreciation of fixed assets is not calculated until the assets are completed and put into operations. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Borrowing costs attributable to the construction of property, plant and equipment are added to the cost of the assets during the period that is required to complete and prepare the asset for its intended use.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Items of property, plant and equipment are derecognized on disposal or when no future economic benefits are expected from their use or disposal. Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognized in "other gains/(losses) – net" in profit or loss.

RIGHT-TO-USE ASSETS AND LEASES

The Company has adopted IFRS 16 "Leases" effective 1 January 2019. On adoption of IFRS 16, the Company recognized Right-to-use assets and lease liabilities in relation to leases, which had previously been classified as "operating leases" under IAS 17. Upon adoption of IFRS 16 in 2019, the Company included recognized Right-to-use assets under Property, plant and equipment caption.

The Company leases depots, equipment, trucks and cars. Rental contracts are typically made for periods of 1 to 5 years, but may have extension options, especially in relation to real estate. Lease terms are negotiated on individual basis and contain a wide range of different terms and conditions. Lease liabilities are measured at the present value of the remaining lease payments, considering extension options, where reasonably expected to be used. Associated Right-to-use assets are measured at the amount equal to the lease liability.

Right-to-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the Right-to-use asset is depreciated over the underlying asset's useful life.

Assets acquired under prior finance leases (under IAS 17) were reclassified from other property, plant and equipment captions to Right-to-use assets, while prior operating leases (under IAS 17) were recognized as "Initial recognition" under Right-to-use assets.

As key inputs in calculating present value of lease payments the management is required to assess the likelihood of using the agreement extension option as well as establish the discount rate implicit in the lease.

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are included in the lease term if the lease is reasonably certain to be extended.

For discounting the incremental borrowing rate is used, being the estimated rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise assets below USD 5 000 equivalent in euro. Variable lease payments linked to actual usage, inflation or performance are not included in the base of calculation of Right-to-use asset, but instead, in every period when incurred are recognized directly in Profit or loss statement.

Lease liabilities and related assets are remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in assessment of an option to purchase the underlying asset at the end of the lease period.

GOODWILL

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed. See also principles for “Impairment of non-financial assets”.

TRADEMARKS, LICENSES, PATENTS

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognized at fair value at the acquisition date.

Trademarks and licenses with a finite useful life are carried at cost less accumulated amortization and they are tested for impairment where there is an indication of impairment.

Amortization is calculated using the straight-line method to allocate the cost of trademarks, brands, licenses (other than software) over their estimated useful lives as follows:

Trademarks and brands	10 years
Licenses and patents (other than software)	3-10 years

The useful lives of trademarks have been determined on the basis of management estimates of the expected length of the cash generating period by these assets. Useful lives of software license have been determined on the basis of duration of right of use of assets.

The management estimates that umbrella brands have indefinite useful lives since the cash flows generated by these intangible fixed assets have indefinite future. See also principles for “Impairment of non-financial assets”.

COMPUTER SOFTWARE

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognized as intangible assets. Subsequently computer software is carried at cost less any accumulated amortization and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programs beyond their original specifications is recognized as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are charged to the profit or loss of the year in which they were incurred.

Computer software costs are amortized using the straight-line method over their estimated useful lives, not exceeding a period of five years. Amortization commences when the computer software is available for use and is included within administrative expenses.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life or intangible assets not ready to use, are not subject to amortization and are tested annually for impairment. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first in, first out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

When the net realizable value of inventories is lower than its cost, provisions are created to reduce the value of inventories to its net realizable value.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost. Refer to accounting policy on Financial assets for further details.

FACTORING

Factoring is the transfer (sale) of receivables, whereby depending on the type of the factoring contract the buyer has the right to sell the transferred receivable back to the seller within a certain time period (factoring with recourse) or there is no right of resale back to the seller and all the risks and benefits associated with the receivable are transferred from seller to purchaser (factoring without recourse).

If the seller of the receivable retains the repurchase obligation, the transaction is recognised as a financing transaction (i.e. as a loan with the receivable as a collateral) and not as a sale. The receivable is not considered as sold as a result of factoring, but it remains in the balance sheet until the receivable is collected or the recourse right has expired. The related liability is recorded similarly to other borrowings.

If there is no repurchase obligation and the control over the receivable and the related risks and rewards of the ownership are transferred to the buyer, the transaction is recognised as a sale of the receivable. The related expense is recognised as a finance cost (similarly to interest expense) or as an impairment loss of receivables, depending on whether the purpose of the transaction was to manage the cash flows or to manage credit risk.

SHARE CAPITAL AND STATUTORY RESERVE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Other reserves include accumulates profit/loss and reserves for development cost according to national GAAP.

CASH AND CASH EQUIVALENTS

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturity of three months or less. Bank overdrafts which are used as financing tools, are presented under financing cash flows and do not comprise part of cash and cash equivalents.

Cash pool accounts

Cash pool account is a centralized cash management solution for certain companies of Food Union Holding (Cyprus) Company limited group (“FU Group”). The main function of the cash pool account is the notional pooling of funds from participating current accounts of several FU Group companies that are part of the Cash pool agreement. This allows provision of liquidity for cash pool participants and reduce need for external financing.

The Company can borrow funds from cash pool (negative balance on the Company’s cash pool accounts) or lend funds to the cash pool (positive balance on the Company’s cash pool accounts). The negative balances of the Company’s cash pool accounts are included in the balance sheet position “Cash pool overdraft”, while positive balances of the Company’s cash pool accounts are included in the balance sheet position “Cash pool deposit”.

During 2021 the Company has not used funds from the Group cash pool.

DIVIDEND

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

EMPLOYEE BENEFITS

Employee benefits include payroll payments, holiday and pension reservation and provisions. The are no pensions obligations to employees when paid to local authorities.

BORROWINGS

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalized as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment (for liquidity services) and amortized over the period of the facility to which it relates. All gains or losses resulting from the modifications of borrowings that did not result in de-recognition are recognised in profit or loss.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortization of discounts or premium relating to borrowings, amortization of ancillary costs incurred in connection with the arrangement of borrowings, lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

FINANCIAL ASSETS

Classification

The Company classifies its financial assets in the following measurement categories: those to be measured at amortised cost and those at fair value through profit and loss. The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the entity's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement. Financial assets measured at amortised cost comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade and other receivables and financial assets at amortised cost.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the income statement.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Impairment – credit loss allowance for expected credit losses (ECL)
The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within "net impairment losses on financial assets". Debt instruments measured at amortised cost are presented in the balance sheet net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the balance sheet. For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach. For trade receivables including trade receivables with a significant financing component and contract assets the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognized from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach – three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. Additionally, the Company has decided to use the low credit risk assessment exemption for investment grade financial assets.

Modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate and recognises a modification gain or loss in profit or loss.

FINANCIAL ASSETS AT AMORTIZED COST

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortized cost using the effective interest method, less provision for impairment. Financial assets at amortized cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

FINANCIAL LIABILITIES

All financial liabilities (trade payables, other short and long-term liabilities, borrowings) are initially recognised at their fair value, less any transaction costs. They are subsequently recognised at amortised cost, using the effective interest rate method.

The Company classifies liabilities as non-current or current depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. The right to defer only exists if the entity complies with any relevant conditions as of the end of the reporting period.

3. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK FACTORS

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

MARKET RISK

Currency/Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the functional currency of the Company. Majority of all Company's financial assets and liabilities are in DKK, while part of borrowings is also in EUR. Since DKK is pegged to EUR, the management considers that the Company is not exposed to significant foreign exchange risk due to EUR.

The Company has not used financial instruments to protect itself against possible currency risks that may occur in the future in business transactions, assets and liabilities in foreign currencies. Income and expenses from transactions made in foreign currencies are recognised under other operating income/expense or financial income/expense in "Gain/loss from change of exchange rate".

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. As at 31 December 2021 and 31 December 2020, the Company's borrowings have variable interest rates. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. As at 31 December 2021 and 31 December 2020 the effect of changes in interest rate was not significant, since 3M Euribor/EONIA rate remained below zero and according to respective borrowing agreements equaled zero.

CREDIT RISK

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

The Company's cash and cash equivalents have been invested in secure financial institutions. The Company manages its credit risk by continuously assessing the credit history of its customers and setting credit terms individually for each client. Individual risk limits are set based on internal ratings in accordance with limits set by the management. The utilization of credit limits is regularly monitored. In addition, the Company continuously monitors accounts receivable balances to minimize appearance of bad debts. Refer to Note 15 for further disclosure on credit risk.

To minimize credit risk, solvency of a potential contractual partner is assessed. Contracts for purchase and sale of products are concluded with all contractual partners, and a payment is granted only to reliable partners. If possible, the Company uses factoring, without recourse as an additional measure to manage credit risk. No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

LIQUIDITY RISK

The Company manages its liquidity risk by monitoring the changes in working capital and by ensuring adequate funding. Based on the Company's cash management principle, the Company's cash is accumulated in dedicated bank accounts and managed on a FU Group level. To ensure daily liquidity requirements, the FU Group's management determines minimum cash balances to be maintained on Company's bank accounts.

Risk analysis and designing of risk management plans are conducted at the top management level. The Company's liquidity risk policy is based on a conservative approach whose main objective is to secure the safeguarding of the cash flows generated from the operations to ensure sufficient liquidity enabling timely settlement of the liabilities undertaken.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows for borrowings.

Borrowings, DKK (ex. lease liabilities)	**Less than 3 months**	**Less than 1 year**	**Between 1 and 5 years**	**Over 5 years**	**Total**
31 December 2021	22 567 267	-	-	-	**22 567 267**
31 December 2020	30 772 948	3 647 127	153 738 838	-	**188 158 913**

All carrying balances of trade and other payables approximate their fair values. For information on lease liabilities refer to Note 22 (viii).

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital as defined by management at 31 December 2021 and 2020 consists of total equity of the Company plus net debt of the Company, as shown on the face of the balance sheet. As part of Food Union group, the Company has one partner providing non-current and current financing to operational entities through central treasury company.

The gearing ratios at 31 December 2021 and 2020 were as follows:

	31.12.2021 DKK	31.12.2020 DKK
Total borrowings (Note 22)	105 102 558	251 295 481
Less: Cash and cash equivalents (Note 20)	(28 164 909)	(92 659 660)
Net debt	**76 937 649**	**158 635 820**
Total equity	207 772 260	114 746 308
Total capital as defined by management	**284 709 909**	**273 382 129**
Gearing ratio	**27%**	**58%**

During 2021 the sole shareholder made significant subsidy into the Company's share premium (Note 21). The Company used received funds along with accumulated operating funds from prior years to repay non-current borrowings from related parties (Note 22 (vii)), resulting in significantly decreased gearing ratio.

Under the terms of the FU Group's borrowing facilities, the FU Group is required to comply to certain financial and non-financial covenants. Please refer to Note 22 (vi).

(iii) Fair value estimation

The different levels of fair value valuation methods have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial instruments that are not traded in an active market (for example, unlisted equity securities) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Company's management estimates that the carrying amounts of financial assets and liabilities carried at amortised cost are not significantly different from their fair values at 31 December 2021 and 31 December 2020. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available for similar financial instruments.

4. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Assessment of useful economic lives of property, plant and equipment and intangible assets with definite lifetime**

Management is required to assess the useful economic lives and residual value of the assets so that depreciation and amortization is charged on a systematic basis up to the residual value. Estimates of useful economic life of property, plant and equipment and intangible assets with definite lifetime are based on management's experience by comparison to similar assets in the industry. However, the actual life of respective assets may be different. Changes to estimates to useful lives and residual values may affect the annual depreciation and amortization charge and thereby the results for the year significantly.

- **Estimated impairment of goodwill**

The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amount of cash generating units has been determined based on value in use calculations. These calculations require the use of estimates as disclosed in Note 16. As at 31 December 2021 and 2020 the management concluded that no impairment charge is required.

- **Leases**

As key inputs in calculating present value of lease payments the management is required to assess the likelihood of using the agreement extension option as well as establish the discount rate implicit in the lease.

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are included in the lease term if the lease is reasonably certain to be extended.

For discounting the incremental borrowing rate is used, being the estimated rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease liabilities and related assets are remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in assessment of an option to purchase the underlying asset at the end of the lease period.

5. REVENUE

	2021 DKK	2020 DKK
Revenue by operating activities		
Sales of goods	486 615 766	491 261 865
Other services	1 671 008	888 491
	488 286 774	**492 150 356**
Sales of goods by product type		
Ice cream	484 872 000	491 261 865
Other (ice-cream accessories)	1 743 766	-
	486 615 766	**491 261 865**
Revenue by geographical area		
Denmark	475 477 587	481 174 889
Norway	5 468 769	5 826 265
Sweden	3 576 679	3 143 440
Germany	2 015 845	1 672 809
UK	1 172 851	-
Poland	298 272	294 355
Israel	263 691	-
Latvia	13 080	-
France	-	38 598
	488 286 774	**492 150 356**

6. COST OF GOODS SOLD

	2021 DKK	2020 DKK
Materials and goods for sale	159 368 893	161 987 748
Depreciation	5 348 890	5 477 548
Salary expenses	43 238 943	45 525 431
Social and pensions contributions	5 076 925	1 601 295
Machinery repair and maintenance	8 580 937	8 828 716
Variable and low value rent expenses	10 765	64 419
Other production costs	724 526	1 792 688
	222 349 879	**225 277 845**

7. SELLING EXPENSES

	2021 DKK	2020 DKK
Transport and logistics expenses	21 276 800	18 711 880
Salary expenses	94 502 288	90 791 365
Social and pensions contributions	7 607 631	7 084 672
Marketing and promotion expenses	15 981 025	16 939 510
Depreciation	23 095 364	21 361 906
Amortization	9 880 627	9 740 281
Repair and maintenance	7 814 427	8 199 864
Receivables written off	289 809	278 160
Variable and low value rent expenses	436 810	625 104
Other selling and marketing expenses	6 347 051	6 152 281
	187 231 832	**179 885 023**

8. ADMINISTRATIVE EXPENSES

	2021 DKK	2020 DKK
Salary expenses	21 815 251	21 791 806
Social and pensions contributions	2 253 748	2 321 794
Professional fees and services	798 225	671 877
Depreciation	689 225	565 471
Amortization	2 003 266	1 381 676
Other administrative costs	14 250 982	15 707 820
	41 810 697	**42 440 444**

The professional fees stated above include DKK 327 800 (2020: DKK 344 000) auditor's remuneration and DKK 14 750 (2020: DKK 30 000) fee for tax consultancy and other services from the statutory audit firm.

9. OTHER OPERATING INCOME AND EXPENSES

	2021 DKK	2020 DKK
9 (a) Other operating income		
Other finance income	74 781	629 037
Other operating income	1 183 854	1 754 933
	1 258 635	**2 383 970**
9 (b) Other gains/ (losses), net		
(Loss) / gain from disposal of property, plant and equipment (Note 17)	(532 726)	207 411
(Loss) / gain from disposal of intangible assets (Note 16)	(16 208)	(16 014)
	(548 934)	**191 397**
9 (c) Other operating expenses		
Other operating expenses	-	15 388
Property tax	295 134	379 981
	295 134	**395 369**

10. FINANCE COSTS

	2021 DKK	2020 DKK
Interest expenses:		
- Loans from the related parties (Note 22 (vii), 26 (iii))	3 103 374	7 153 337
- Contract fees and fees for handling by the factoring	430 463	237 668
- Right-to-use asset with purchase option (Note 22 (viii))	284 875	40 926
- Right-to-use asset without purchase option (Note 22 (viii))	1 519 257	1 780 633
Other finance costs	759 816	757 493
Amortization of deferred refinancing costs (Note 22 (vi))	1 487 189	3 525 245
	7 584 974	**13 495 302**

11. EXPENSES BY NATURE

	2021 DKK	2020 DKK
Cost of materials and goods used	159 368 893	161 987 748
Salaries incl. directors' remuneration and fees (Note 12)	174 494 785	169 116 364
Transportation, logistics and materials cost	21 276 800	18 711 880
Depreciation, amortization and impairment (Note 16, 17)	41 017 373	38 526 881
Marketing, promotion and similar costs	21 397 137	22 015 370
Fuel, power, machinery maintenance and repairs	16 395 364	17 028 580
Other administrative costs	13 983 653	15 437 703
Other production costs	685 151	1 759 717
Variable and low value rent expenses	447 575	689 522
Professional fees and services	798 225	671 877
Impairment and write off of receivables	289 809	278 160
Traveling expenses	1 237 642	1 379 510
Total cost of sales, selling and administrative costs	**451 392 409**	**447 603 312**

12. STAFF COSTS

	2021 DKK	2020 DKK
Salary expenses	152 074 892	146 859 132
Social and pensions contributions	14 915 126	13 616 860
Directors' remuneration and fees	7 481 589	8 623 472
Social and pensions contributions on director's remuneration	23 178	16 899
	174 494 785	**169 116 363**

Directors do not receive remuneration for their functions performed as a Board of Directors.

Average number of employees during the reporting period	338	324

13. INCOME TAX

	2021 DKK	2020 DKK
Current income tax charge for the reporting year	5 495 578	6 685 482
Change in deferred income tax (Note 23)	1 079 700	771 430
Total income tax charged for the year:	**6 575 278**	**7 456 912**

The Company's total income tax charge for the reporting year differs from the theoretically calculated tax amount that would arise using the applicable tax rate as follows:

Profit before tax	**29 601 239**	**33 557 316**
Tax calculated at nominal tax rate	6 512 273	7 382 609
Under / (over) provision of prior periods	-	-
Non-taxable income/ non-deductible expense	63 005	74 303
Corporate income tax charge	**6 575 278**	**7 456 912**

Applicable tax rate for Mejerigaarden A/S is 22%.

14. FINANCIAL INSTRUMENTS BY CATEGORY

Assets as per balance sheet	31.12.2021. DKK	31.12.2020. DKK
Financial assets at amortized cost:		
Trade and other receivables, excl. prepayments (Note 19)	20 257 617	15 582 158
Cash and cash equivalents (Note 20)	28 164 909	92 659 660
	48 422 526	***108 241 818***
Financial assets at fair value through profit and loss:		
Trade receivables under factoring agreements	639 375	1 704 952
	639 375	***1 704 952***
	49 061 900	**109 946 770**
Liabilities as per balance sheet		
Borrowings including finance lease (Note 22)	105 102 558	251 295 481
Trade and other payables (excl. salaries and taxes) (Note 24)	52 860 562	43 014 628
	157 963 120	**294 310 109**

15. CREDIT QUALITY OF FINANCIAL ASSETS

The Company has two types of financial assets that are subject to IFRS 9 expected credit loss model:
- Trade receivables;
- Debt investments carried at amortized cost (loans).

Trade receivables

The Company applies simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables, as grouped based on shared credit characteristics and the days past due.

The expected credit loss rates are based on the payment profiles of sales over a period of 2 years prior to 31 December 2021 and the historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information.

Other tax receivables are considered as a separate, low default risk group, with no expected credit losses.

Trade receivables from related parties are considered as a separate group, with no historical credit losses over the relevant assessment period. Accordingly, no lifetime expected credit losses are recognized in respect of trade receivables from related parties.

On that basis, the loss allowance as at 31 December 2021 and 2020 was determined as follows:

Trade receivables	**31.12.2021. DKK**	**31.12.2020. DKK**
Gross trade receivables, excl. related parties	20 161 667	18 142 955
Loss allowance	(779 199)	(855 845)
Expected loss rate, %	**3.9 %**	**4.7 %**
Gross trade receivables from related parties	1 514 524	-
Loss allowance	-	-
Expected loss rate, %	**0.0%**	**-**
Other tax receivables	6 112 216	6 549 379
Loss allowance	-	-
Expected loss rate, %	**0.0%**	**0,0%**

15. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

Movements on the expected loss on trade and other receivables are as follows:

	2021 DKK	2020 DKK
At the beginning of the year	855 845	1 278 936
Provision for receivables impairment	256 420	334 623
Receivables written off uncollectable	(37 418)	(636 592)
Doubtful receivables collected	(295 647)	(121 122)
	779 199	**855 845**

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery, include, amongst others, the failure of debtor to engage in a repayment plan with the Company as well as declared insolvency or liquidation of debtor.

Debt investments carried at amortized cost

All the Company's loans receivable from related parties (debt investments at amortised cost) are considered as a separate group, with no historical credit losses over the relevant assessment period. Loans receivable from related parties are considered to have low credit risk, based on the assumption of these parties having low risk of default and demonstrating strong capacity to meet its contractual cash flow obligations, therefore, the loss allowance assessed during the period was limited to 12 months expected losses.

Accordingly, no expected credit losses are recognised in respect of loans receivable from related parties.

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, since cash at bank are held in Range A banks, there are no impairments.

Cash at bank (as per Moody's rating) at the date of approval of these financial statements:

	31.12.2021. DKK	31.12.2020. DKK
Range A	27 886 834	92 414 219
Unrated or not specified	278 074	245 441
	28 164 909	**92 659 660**

16. INTANGIBLE ASSETS

	Goodwill	Trademarks and brands	Other intangible assets	Licences, patents and software	Total
	DKK	DKK	DKK	DKK	DKK
Period 01.01.2020 - 31.12.2020					
Opening net book amount	**58 037 497**	**92 533 000**	**10 578 597**	**4 051 083**	**165 200 177**
Additions	-	-	5 043 128	1 402 254	**6 445 382**
Disposals	-	-	(2 057 373)	(2 387 616)	**(4 444 989)**
Accumulated amortization on disposals	-	-	1 819 922	2 387 616	**4 207 538**
Amortization charge	-	(3 996 000)	(5 223 720)	(1 902 236)	**(11 121 956)**
Closing net book amount	**58 037 497**	**88 537 000**	**10 160 554**	**3 551 101**	**160 286 152**
As at 31 December 2020:					
Cost	58 037 497	104 900 000	37 335 565	10 582 541	**210 855 603**
Accumulated depreciation	-	(16 363 000)	(27 175 011)	(7 031 440)	**(50 569 451)**
Net book amount	**58 037 497**	**88 537 000**	**10 160 554**	**3 551 101**	**160 286 152**
Period 01.01.2021-31.12.2021					
Opening net book amount	58 037 497	88 537 000	10 160 554	3 551 101	**160 286 152**
Additions	-	-	7 420 461	6 431 277	**13 851 738**
Disposals	-	-	(1 444 540)	(62 501)	**(1 507 042)**
Accumulated amortization on disposals	-	-	989 964	62 501	**1 052 465**
Amortization charge	-	(3 996 000)	(5 458 264)	(2 429 629)	**(11 883 893)**
Closing net book amount	**58 037 497**	**84 541 000**	**11 668 174**	**7 552 749**	**161 799 420**
As at 31 December 2021:					
Cost	58 037 497	104 900 000	43 311 485	17 656 781	**223 905 763**
Accumulated depreciation	-	(20 359 000)	(31 643 310)	(10 104 032)	**(62 106 342)**
Net book amount	**58 037 497**	**84 541 000**	**11 668 174**	**7 552 749**	**161 799 420**

Amortisation charge is included in ‘selling expenses’ and in ‘administrative expenses’.

16. INTANGIBLE ASSETS (CONTINUED)

In the cash flow statement, proceeds from sale of intangible assets comprise:

	2021 DKK	2020 DKK
Net book amount	454 576	237 451
(Loss) / gain on disposal of intangible assets	(16 208)	(16 014)
Proceeds from disposal of intangible assets	**438 368**	**221 437**

Impairment test of non-current assets
As at the end of the reporting year, goodwill relates to amounts resulting from historical reorganizations and merger process of Food Union Scandinavia ApS, Mejerigaarden Investments A/S and Mejerigaarden A/S and acquisition process of Hjem-Is Danmark A/S.

The recoverable amount of the assets, including goodwill, has been determined based on value-in-use calculation. This calculation uses pre-tax cash flow projections based on financial budget for the next reporting year approved by the management and further forecast based on the Company's long-term plan, covering a period until 2023. Cash flows beyond 2023 are extrapolated using the estimated growth rates stated below.

Management determined EBITDA % and CAPEX level over the forecast period to be the most sensitive key assumptions. These rates are based on the Company's past performance, year 2021 actual performance, year 2022 approved budget, the Company's long-term plan and the management's expectations of market development. As a result of the test, there was no indication for impairing the carrying amount of the goodwill, as at 31 December 2021 and 2020.

Year 2021 impairment review, including carrying value of assets and excess of recoverable amount over carrying amount are as of 31 October 2021 and 2 months budgeted. The management has evaluated the movement between 31 October 2021 and 31 December 2021 and concluded that there were no material changes that would significantly impact the impairment review results, and, accordingly, conclude that using the data as described is appropriate.

The following table sets out the summary of asset values tested for the impairment, impairment test results and the key assumptions used for value-in-use calculations. The table also depicts sensitivity to change in each individual key assumption that would make recoverable value to approximate carrying value of the respective asset tested.

Assets tested for impairment and results:	**31.12.2021. DKK 000'**	**31.12.2020. DKK 000'**
Goodwill	58 038	58 038
Carrying value of assets (incl. goodwill) *	619 497	584 059
Excess of recoverable amount over carrying amount	962 140	724 685

16. INTANGIBLE ASSETS (CONTINUED)

Key assumptions used for value-in-use calculations are as follows:		**31.12.2021. DKK 000'**		**31.12.2020. DKK 000'**
EBITDA margin	17.28% -20.30%		16.57% - 20.30%	
Capital investments p.a.	DKK 13 394 in 2022, 2023 and 2024		DKK 11 221 in 2021, DKK 13 394 each year afterwards for the period 2022-2023	
Discount rate (WACC):	7.23%		8.28%	

The following individual change in each of the key assumptions would make recoverable amount approximate respective carrying amount:

	31.12.2021.	31.12.2020.
EBITDA decrease to presented % p.a.	8.34% -9.80%	8.81% - 10.80%
Increase in capital investments p.a.	50 436	45 114
Increase in WACC rate to presented %	15.06%	15.58%

* Including goodwill and PPA recognized on consolidated Food Union Holding (CY) Company Limited in amount DKK 182 million (31.12.2020.: DKK 194 million).

17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Equipment and machinery	Other fixed assets	Total
	DKK	DKK	DKK	DKK
Period 01.01.2020-31.12.2020				
Opening net book amount	66 128 702	14 250 690	47 823 129	**128 202 521**
Additions	14 939 792	3 715 699	13 303 724	**31 959 215**
Disposals	(13 308 665)	-	(8 842 025)	**(22 150 690)**
Accumulated depreciation on disposals	13 241 942	-	5 572 759	**18 814 701**
Depreciation charge	(9 033 376)	(4 379 192)	(13 992 357)	**(27 404 925)**
Closing net book amount	**71 968 395**	**13 587 197**	**43 865 230**	**129 420 822**
As at 31 December 2020:				
Cost	95 777 563	97 687 346	104 027 392	**297 492 301**
Accumulated depreciation	(23 809 168)	(84 100 149)	(60 162 162)	**(168 071 479)**
Net book amount	**71 968 395**	**13 587 197**	**43 865 230**	**129 420 822**

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings	Equipment and machinery	Other fixed assets	Total
	DKK	DKK	DKK	DKK
Period 01.01.2021-31.12.2021				
Opening net book amount	71 968 395	13 587 197	43 865 230	**129 420 822**
Additions	11 990 860	4 646 362	18 503 291	**35 140 512**
Disposals	(11 186 780)	-	(24 924 574)	**(36 111 354)**
Accumulated depreciation on disposals	8 323 753	-	18 740 720	**27 064 474**
Depreciation charge	(8 685 021)	(4 247 064)	(16 201 395)	**(29 133 480)**
Closing net book amount	**72 411 207**	**13 986 495**	**39 983 272**	**126 380 974**
As at 31 December 2021:				
Cost	96 781 642	102 333 707	109 776 215	**308 891 564**
Accumulated depreciation	(24 370 435)	(88 347 212)	(69 792 943)	**(182 510 590)**
Net book amount	**72 411 207**	**13 986 495**	**39 983 272**	**126 380 974**

For information on pledged property, plant and equipment and capital commitments please refer to Note 22 (vi) and 25.

Depreciation expense has been charged in ‘cost of sales’, ‘selling and marketing expenses’ and ‘administrative expenses’ (Notes 6, 7, 8 and 11).

In 2021 and 2020 the Company has no capitalized borrowing costs on qualifying assets.

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2021 DKK	2020 DKK
Net book amount	5 088 776	136 930
(Loss) / gain on disposal (Note 9 (b))	(532 726)	207 411
Proceeds from disposal of property, plant and equipment	**4 556 050**	**344 341**

17. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Net book amounts of Right-to-use assets with purchase rights (prior finance lease) and Right-to-use assets without purchase rights (prior operating lease) included in the above total net book value of property, plant and equipment as at 31 December 2021 are as follows:

	Land and buildings	Equipment and machinery	Other fixed assets and motor vehicles	Total
RTU assets with purchase option	-	-	9 499 302	**9 499 302**
RTU assets without purchase option	57 015 631	-	15 830 060	**72 845 691**
Property, plant and equipment without lease terms	15 395 576	13 986 495	14 653 910	**44 035 981**
Net book amount, total PPE	**72 411 207**	**13 986 495**	**39 983 272**	**126 380 974**

For disclosure of lease liabilities, please refer to Note 22 (viii).

Right-to-use assets without purchase option movement is summarized in table below:	2021 DKK	2020 DKK
Opening amount	85 544 989	79 661 690
Additions	16 048 947	22 143 979
Disposals, net	(3 958 104)	(217 249)
Reclassification to own or right-to-use with purchase option	(13 276 666)	(2 749 765)
Depreciation charge (Land and buildings)	(7 088 029)	(7 533 540)
Depreciation charge (Other fixed assets and motor vehicles)	(4 425 445)	(5 760 127)
	72 845 691	**85 544 989**

18. INVENTORIES

	31.12.2021. DKK	31.12.2020. DKK
Raw materials	14 329 544	13 693 945
Goods for sale	71 193 365	53 709 169
Work in progress	2 851 354	2 030 949
	88 374 263	**69 434 063**

As at 31 December 2021 and 31 December 2020 all inventory items are stated at cost.

19. TRADE AND OTHER RECEIVABLES

	31.12.2021. DKK	31.12.2020. DKK
Initial direct and restoration cost of rent	2 792 693	2 569 356
Non-current trade and other receivables:	**2 792 693**	**2 569 356**
Trade receivables	19 555 918	17 613 682
Receivables from related parties (Note 26 (ii.i))	1 514 524	-
Provisions for bad and doubtful debts	(779 199)	(855 845)
Total trade receivables	**20 291 243**	**16 757 837**
Current income tax	-	370 500
Excise tax	3 313 740	3 379 940
Ice – cream tax	2 798 476	2 798 939
Other receivables	526 357	529 275
Deferred expenses	2 666 821	1 540 656
Prepayments and advance payments	-	322 402
Current trade and other receivables:	**29 596 637**	**25 699 549**
	32 389 330	**28 268 905**

As at 31 December, the carrying amounts of trade and other receivables are denominated in the following currencies:

DKK	30 687 096	28 130 301
EUR	1 702 234	138 602
	32 389 330	**28 268 903**

The carrying value of trade and other receivables as at 31.12.2021. and 31.12.2020. approximates their fair value.

The Company has financing facility for selling trade receivables originating from certain key accounts on a non-recourse basis.
As at 31 December 2021 trade receivables sold under the respective facility amounted to DKK 16 423 775 (31.12.2020.: DKK 8 668 401).

For information on pledged assets refer to Note 22 (vi).

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables set above. It was assessed that a portion of the impaired receivables is expected to be recovered. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. See also Note 15 Credit quality of financial assets.

20. CASH AND BANK

	31.12.2021. DKK	31.12.2020. DKK
Cash at bank	27 886 834	92 414 219
Cash on hand	278 074	245 441
	28 164 909	**92 659 660**

As at 31 December, the cash and cash equivalents are denominated in the following currencies:

DKK	27 146 920	91 380 919
EUR	1 017 352	1 278 140
NOK	637	601
	28 164 909	**92 659 660**

21. SHARE CAPITAL AND RESERVES

The Company's share capital as at 31 December 2021 and 31 December 2020 consists of:

	Number	Nominal value
A-shares	89	890
B-shares	102	102
C-shares	16	8
D-shares	1	100
Total	**208**	**1 100**

During 2021 the sole shareholder of the Company made DKK 69 999 991 tax free subsidy to the Company's share premium.
There have been no other changes in the share capital during the last 5 years.

22. BORROWINGS

Non-current borrowings:	31.12.2021. DKK	31.12.2020. DKK
Borrowings from related parties (Note 26 (iii))	-	134 692 729
Lease liabilities with purchase option (Note 22 (viii))	7 068 480	858 127
Lease liabilities without purchase option (Note 22 (viii))	61 954 682	72 622 229
Total non-current borrowings:	**69 023 162**	**208 173 085**
Current borrowings:		
Current cash pool overdraft (Note 26 (iii))	22 567 267	29 557 239
Lease liabilities with purchase option (Note 22 (viii))	2 621 120	642 399
Lease liabilities without purchase option (Note 22 (viii))	10 891 009	12 922 758
Total current borrowings:	**36 079 396**	**43 122 396**
	105 102 558	**251 295 481**

During January 2022, the Company has entered a credit line agreement for a total limit of DKK 61.5 million with a fixed interest rate applied to drawn amounts, secured by the first priority sub-mortgage in the amount of EUR 8.4 million to be registered within the current EUR 15 million owner's mortgage in favour of the VTB Bank (Europe). The registration of the latter with the Danish Land Registry is currently in progress.

22. BORROWINGS (CONTINUED)

(i) Fair values
The carrying amounts of borrowings and finance lease liabilities as at 31 December 2021 and 2020 approximates their fair value.

(ii) Denomination in foreign currencies
As at 31 December, the carrying amounts of the Company's borrowings are denominated in the following currencies:

	31.12.2021. DKK	**31.12.2020. DKK**
DKK	82 532 175	116 599 635
EUR	22 570 383	134 695 846
	105 102 558	**251 295 481**

(iii) Maturity of non-current borrowings *(excl. lease liabilities)*

Less than 3 months	22 567 267	29 557 238
Between 2 and 5 years	-	134 692 729
	22 567 267	**164 249 968**

(iv) Undrawn balances
Undrawn financing balances as at 31 December 2021 and 31 December 2020 are DKK 0.

22. BORROWINGS (CONTINUED)

(v) Interest rates and exposure to interest rate changes

The Company's borrowings to/from related parties have variable interest rate, which consist of 3M Euribor plus fixed margin. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

As at 31 December 2021 and 31 December 2020 the effect of changes in interest rate was not significant since 3M Euribor rate remain to stay below zero and according to respective financing agreements were equalled zero.

The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates as at 31 December 2021 and 31 December 2020 are as follows:

	31.12.2021. DKK	31.12.2020. DKK
3 months or less	32 256 867	165 750 494
Fixed interest rate (lease liabilities without purchase option):		
2-5 years	72 845 691	69 443 462
Over 5 years	-	16 101 525
	105 102 558	**251 295 481**

(vi) Pledges, collaterals and loan covenants

The Company is a part of Food Union Group. All non-current and current assets of the Food Union Group (FU Group) are pledged under respective financial, commercial, mortgage etc. agreements to secure all present and future liabilities and obligations of the FU Group arising in relation to Senior Facility Agreement and Revolving Facility Agreement, Subordinated and Security Agency agreement and / or any other Finance Document resulting from the mentioned agreements. The final settlement of the said liabilities is due on 30 December 2025.

Under respective agreements, certain entities of the FU Group are Obligors (including Mejerigaarden A/S).

Senior Facility Agreement requires compliance to certain financial covenants, based on consolidated financial statements of the FU Group. Reporting on financial covenants compliance is required quarterly. Based on financial information presented in 31 December 2021 consolidated financial statements of FU Group, as adjusted according to the requirements of the Senior Facility Agreement, the FU Group complies with required financial covenants.

As security for lease of kiosk, security has been provided by account held as collateral with bank of DKK 320 thousand.

22. BORROWINGS (CONTINUED)

***(vii) Borrowing movement** (excl. lease liabilities):*

	2021 DKK	2020 DKK
At the beginning of the year	164 249 968	168 357 067
Received during the period	-	23 427 965
Paid during the period	(142 932 249)	(30 675 426)
Amortization of deferred refinancing fees charged (Note 10)	1 487 189	3 525 245
Interest charged (Note 10)	3 103 373	7 153 338
Interest paid	(3 164 886)	(7 083 390)
Exchange rate differences	(176 128)	(454 831)
At the end of the year	**22 567 267**	**164 249 968**

(viii) Lease liabilities	**31.12.2021. DKK**	**31.12.2020. DKK**
Lease liabilities with purchase option (prior finance lease):		
No later than 1 year	2 621 120	642 399
Later than 1 year and no later than 5 years	7 068 480	858 127
	9 689 600	**1 500 526**

22. BORROWINGS (CONTINUED)

Lease liabilities without purchase option (prior operating lease):	**31.12.2021. DKK**	**31.12.2020. DKK**
No later than 1 year	10 891 009	12 922 758
Later than 1 year and no later than 5 years	61 954 682	72 622 229
Present value of lease liabilities	**72 845 691**	**85 544 987**
Future finance charges on lease liabilities	12 276 703	12 452 581
Total minimum lease payments	**94 811 994**	**99 498 094**

Minimum lease payments:		
No later than 1 year	15 201 626	15 333 055
Later than 1 year and no later than 5 years	79 610 368	84 165 039
	94 811 994	**99 498 094**

22. BORROWINGS (CONTINUED)

Lease liabilities with purchase option movement:	**2021 DKK**	**2020 DKK**
At the beginning of the year	1 500 526	1 585 679
Transfers	10 191 283	-
Received during the period	663 417	655 000
Repaid during the period	(2 161 776)	(508 109)
Interest charged	284 875	40 926
Interest paid	(284 875)	(40 926)
Set off assignment / Disposal	(503 850)	(232 044)
At the end of the year	**9 689 600**	**1 500 526**

Lease liabilities without purchase option movement:		
At the beginning of the year	85 544 987	79 661 688
Recognized during the year	16 048 947	22 143 979
Paid during the year	(11 513 474)	(13 293 666)
Acquired lease object	(3 085 393)	-
Interest charged (Note 10)	1 519 257	1 780 633
Interest paid	(1 519 257)	(1 780 633)
Disposal	(3 958 093)	(217 249)
Transfers	(10 191 283)	(2 749 765)
At the end of the year	**72 845 691**	**85 544 987**

As at 31 December 2021 and 2020 the lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

23. DEFERRED CORPORATE INCOME TAX

In accordance with Danish tax legislation current corporate income tax is applied at the rate of 22% on taxable income generated by the Company during the taxation period ending 31 December 2021.

	2021 DKK	**2020 DKK**
Deferred income tax assets	-	-
Deferred income tax liabilities	24 821 000	23 741 300
At the end of the reporting year, net	**24 821 000**	**23 741 300**

Deferred income tax (net) movement in the reporting year:

Deferred income tax liability/ (asset), net:		
At the beginning of the reporting year	23 741 300	22 969 869
(Credited) to income statement (Note 13)	1 079 700	771 431
At the end of the reporting year	**24 821 000**	**23 741 300**
Deferred income tax assets, gross:		
Deferred tax assets to be received within 12 months	-	-
Deferred tax assets to be received after more than 12 months	-	-
	-	**-**
Deferred income tax liabilities, gross:		
Deferred tax liabilities to be settled within 12 months	2 170 407	1 359 604
Deferred tax liabilities to be settled after more than 12 months	22 650 593	22 381 696
	24 821 000	**23 741 300**
Deferred income tax liabilities, net:	**24 821 000**	**23 741 300**

24. TRADE AND OTHER PAYABLES

	2021 DKK	2020 DKK
Non-current trade and other payables:		
Accrued liabilities	13 058 796	13 561 260
	13 058 796	**13 561 260**
Current trade and other payables:		
Trade and other payables	37 023 349	30 926 382
Trade payables to related parties (Note 26 (ii.i))	6 373 254	20 047
Social insurance and similar contributions	2 359 355	2 827 104
Value added tax	708 054	968 150
Personal income tax	5 428 527	12 542 086
Ice-cream tax	4 588 497	5 162 877
Other payables, incl. salary payables	11 008 203	7 336 375
Accrued liabilities	13 397 436	14 558 053
Accrued liabilities to related parties (Note 26 (ii.i))	-	2 384 179
	80 886 675	**76 725 253**
	93 945 471	**90 286 513**

The fair value of trade and other payables approximates their carrying amount at the balance sheet date.

24. TRADE AND OTHER PAYABLES (CONTINUED)

Due to legislative changes in Denmark, part of unused vacation pay is frozen by the entity. The amount is indexed every period by the government set rate (2% for 2021 and 2020). Amount is to be released to every employee upon leaving the labour market and accordingly presented as non-current accrued liabilities.

As at 31 December 2020, the Group had used extended tax payment terms as granted under COVID19 support initiatives, accordingly, outstanding balance of personal income tax was significantly higher.

As at 31 December 2021 and 2020, the carrying amounts of the Company's trade and other payables are denominated in the following currencies:

	2021 DKK	**2020 DKK**
DKK	80 635 646	81 858 688
EUR	13 186 579	8 314 127
NOK	122 090	56 500
SEK	1 156	57 198
	93 945 471	**90 286 513**

25. CONTINGENT LIABILITIES

For information on pledged assets refer to Note 22 (vi).

26. RELATED PARTY TRANSACTIONS

The parties are considered related when one party has the possibility to control the other one or has significant influence over the other party in making financial and operating decisions. The Company is engaged in the following transactions with the related parties:

(i) Sales and other services and key management remuneration

(i.i.) Sale of goods and rendering of services

	31.12.2021. DKK	31.12.2020. DKK
Sale of goods	1 994 340	989 845
Other services	-	-
	1 994 340	**989 845**
Sales of goods by product type		
Ice-cream	1 994 340	989 845
Revenue to related parties by geographical area		
UK	1 177 119	-
Latvia	21 276	-
Norway	795 945	989 845
	1 994 340	**989 845**
(i.ii) Purchase of goods and services		
Purchases of goods	12 553 484	9 275 701

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(i.iii) Key management remuneration (Note 12)	**2021 DKK**	**2020 DKK**
Directors' remuneration	7 481 589	8 623 472
Social and Pensions contributions on director's remuneration	23 178	16 899
	7 504 767	**8 640 371**

(ii) Year-end balances

(ii.i) Accounts receivable and payable arising from transactions with related parties

	31.12.2021. DKK	**31.12.2020. DKK**
Receivables from related parties (Note 19)		
Food Union (UK) Limited	1 172 852	-
Rigas Piena Kombinats AS	12 582	-
Isbjorn Is AS	7 380	-
Food Union Management SIA	321 710	-
	1 514 524	**-**
Payables to related parties (Note 24)		
Premia Tallina Kulmhoone AS	58 319	-
Rigas Piena Kombinats AS	471 171	20 047
Food Union Management SIA	5 843 764	2 384 179
	6 373 254	**2 404 226**

The receivables from related parties arise mainly from sales of goods and services. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties.

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(iii) Borrowings from the related parties	**31.12.2021. DKK**	**31.12.2020. DKK**
At the beginning of the year	164 249 968	170 200 316
Borrowings advanced during the year	1 487 835	23 427 966
Borrowings repaid during the year	(142 932 249)	(30 675 426)
Interest charged (Note 10)	3 103 373	7 153 338
Interest paid	(3 164 886)	(7 083 390)
Amortization of deferred refinancing fees	1 487 189	1 681 995
Foreign exchange differences	(176 128)	(454 831)
At the end of the year (Note 22)	**22 567 267**	**164 249 968**
Non-current part	-	134 692 729
Current part	22 567 267	29 557 239
At the end of the year (Note 22)	**22 567 267**	**164 249 968**

Borrowings from the related parties are unsecured in nature. Borrowings bear interest at market rates.

27. EVENTS AFTER THE REPORTING PERIOD

As of the last day of the reporting year until the date of signing these financial statements there have been no events requiring adjustment of or disclosure in the financial statement or notes thereto.

To the Shareholders of Mejerigaarden A/S.

OPINION

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2021 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

We have audited the Financial Statements of Mejerigaarden A/S for the financial year 1 January - 31 December 2021, which comprise income statement and statement of comprehensive income, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

STATEMENT ON MANAGEMENT'S REVIEW

Management is responsible for Management's Review.
Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

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

MANAGEMENT'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

Herning, 2 May 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Jens Weiersøe Jakobsen
State Authorised Public Accountant
Mne30152

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