



Tönnies Livestock Denmark A/S

Markedsvej 1
6650 Brørup
CVR No. 37398101

Annual report 2020

The Annual General Meeting adopted the
annual report on 30.06.2021

Niels Jørgen Villesen

Chairman of the General Meeting

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Entity details

Entity

Tönnies Livestock Denmark A/S

Markedsvej 1

6650 Brørup

CVR No.: 37398101

Registered office: Vejen

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Frank Duffe, chairman of the board

Henrik Bækstrøm Lauritsen

Heinrich Paul Strömer

Executive Board

Karsten Bæk Pedersen, CEO

Robert Elmerhaus, Executive officer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Tönnies Livestock Denmark A/S for the financial year 01.01.2020 - 31.12.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Brørup, 30.06.2021

Executive Board

Karsten Bæk Pedersen
CEO

Robert Elmerhaus
Executive officer

Board of Directors

Frank Duffe
chairman of the board

Henrik Bækstrøm Lauritsen

Heinrich Paul Strömer

Independent auditor's report

To the shareholder of Tönnies Livestock Denmark A/S

Opinion

We have audited the financial statements of Tönnies Livestock Denmark A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Aarhus, 30.06.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Rasmus Brodd Johnsen

State Authorised Public Accountant
Identification No (MNE) mne33217

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures				
Gross profit/loss	5,173	13,036	6,363	3,064
Operating profit/loss	154	8,575	1,636	(1,853)
Net financials	(1,557)	(3,492)	(3,855)	(4,573)
Profit/loss for the year	(1,403)	5,082	(2,858)	(6,577)
Total assets	49,211	94,642	74,891	69,286
Investments in property, plant and equipment	0	0	40	0
Equity	18,738	20,141	(10,442)	(7,585)
Cash flows from (used in) operating activities	27,422	(8,877)	8,235	17,882
Cash flows from (used in) investing activities	(686)	40	(11)	(110)
Cash flows from (used in) financing activities	(36,199)	10,700	3,010	(11,204)
Ratios				
Return on assets	0,3	9,1	1,3	(2,4)
Solvency ratio	38,1	21,3	(13,9)	(10,9)
Return on equity	(7,5)	104,8	31,7	153,1

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on assets (%):

Profit before financials * 100

Total assets

Solvency ratio (%):

Equity * 100

Total assets

Return on equity (%):

Net profit for the year * 100

Equity

Primary activities

The activities are primarily sales of piglets in Denmark and within the EU.

Development in activities and finances

The income statement of the Company for 2020 shows a loss of DKK 1,402,966, and at 31 December 2020 the balance sheet of the Company shows equity of DKK 18,738,018.

Profit/loss for the year in relation to expected developments

The net loss of the year is not satisfactory. The loss for the year is negatively affected by the spread of African Swine Fever in Germany.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual circumstances affecting recognition and measurement

The financial position at 31 December 2020 of the Company and the results of the activities and cash flows of the Company for the financial year for 2020 have been affected by covid-19.

Outlook

The company expects to be able to achieve a positive gross profit and a positive operating profit for the coming year.

Particular risks

The company does not have any particular risks.

Environmental performance

The activities in the company are not considered to have major impact on the environment.

Research and development activities

The Company does not carry out any research activities.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		5,172,944	13,036,000
Staff costs	2	(4,535,161)	(3,921,629)
Depreciation, amortisation and impairment losses	3	(37,170)	(51,660)
Other operating expenses		(446,148)	(487,902)
Operating profit/loss		154,465	8,574,809
Other financial income		242,542	38,574
Financial expenses from group enterprises		(1,012,224)	(3,172,408)
Other financial expenses	4	(787,749)	(358,599)
Profit/loss for the year	5	(1,402,966)	5,082,376

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	7	685,858	37,170
Intangible assets	6	685,858	37,170
Fixed assets		685,858	37,170
Trade receivables		18,211,752	39,091,085
Receivables from group enterprises		7,223,078	15,120,450
Other receivables		6,869,479	14,709,914
Receivables		32,304,309	68,921,449
Cash		16,221,309	25,683,804
Current assets		48,525,618	94,605,253
Assets		49,211,476	94,642,423

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		501,000	501,000
Reserve for development expenditure		113,100	0
Retained earnings		18,123,918	19,639,984
Equity		18,738,018	20,140,984
Other payables		723,243	141,502
Non-current liabilities other than provisions	8	723,243	141,502
Trade payables		11,821,140	20,385,502
Payables to group enterprises	9	15,629,983	51,829,103
Other payables		2,299,092	2,145,332
Current liabilities other than provisions		29,750,215	74,359,937
Liabilities other than provisions		30,473,458	74,501,439
Equity and liabilities		49,211,476	94,642,423
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	11		
Contingent liabilities	12		
Related parties with controlling interest	13		
Non-arm's length related party transactions	14		
Group relations	15		

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	501,000	0	19,639,984	20,140,984
Transfer to reserves	0	113,100	(113,100)	0
Profit/loss for the year	0	0	(1,402,966)	(1,402,966)
Equity end of year	501,000	113,100	18,123,918	18,738,018

Cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		154,465	8,574,809
Amortisation, depreciation and impairment losses		37,170	61,662
Working capital changes	10	28,788,279	(14,020,782)
Cash flow from ordinary operating activities		28,979,914	(5,384,311)
Financial income received		220,379	38,575
Financial expenses paid		(1,777,810)	(3,531,012)
Cash flows from operating activities		27,422,483	(8,876,748)
Acquisition etc of intangible assets		(685,858)	0
Sale of property, plant and equipment		0	40,000
Cash flows from investing activities		(685,858)	40,000
Free cash flows generated from operations and investments before financing		26,736,625	(8,836,748)
Repayment of debt to group enterprises		(36,199,120)	(14,801,158)
Cash capital increase		0	25,501,000
Cash flows from financing activities		(36,199,120)	10,699,842
Increase/decrease in cash and cash equivalents		(9,462,495)	1,863,094
Cash and cash equivalents beginning of year		25,683,804	23,820,710
Cash and cash equivalents end of year		16,221,309	25,683,804
Cash and cash equivalents at year-end are composed of:			
Cash		16,221,309	25,683,804
Cash and cash equivalents end of year		16,221,309	25,683,804

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	4,234,178	3,544,647
Pension costs	377,213	342,204
Other social security costs	29,646	22,289
Other staff costs	39,124	12,489
	4,680,161	3,921,629
Staff costs classified as assets	(145,000)	0
	4,535,161	3,921,629
Average number of full-time employees	7	6

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

3 Depreciation, amortisation and impairment losses

	2020	2019
	DKK	DKK
Amortisation of intangible assets	37,170	40,549
Depreciation of property, plant and equipment	0	11,111
	37,170	51,660

4 Other financial expenses

	2020	2019
	DKK	DKK
Other interest expenses	137,266	162,656
Exchange rate adjustments	650,483	195,943
	787,749	358,599

5 Proposed distribution of profit and loss

	2020	2019
	DKK	DKK
Retained earnings	(1,402,966)	5,082,376
	(1,402,966)	5,082,376

6 Intangible assets

	Completed development projects DKK
Cost beginning of year	121,000
Additions	685,858
Cost end of year	806,858
Amortisation and impairment losses beginning of year	(83,830)
Amortisation for the year	(37,170)
Amortisation and impairment losses end of year	(121,000)
Carrying amount end of year	685,858

7 Development projects

Development projects are related to it-projects improving the company's ERP-system. The system is fully implemented at the end of the financial year and is depreciated from 1st of January 2021 over 3 years.

8 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK
Other payables	723,243
	723,243

9 Payables to group enterprises

The company is financed with loans from Tönnies International Holding GmbH. The loans are due for payment December 2021 but has been extended to 31 December 2023 after end of the financial year.

10 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in receivables	36,617,140	(17,990,238)
Increase/decrease in trade payables etc	(7,828,861)	3,969,456
	28,788,279	(14,020,782)

11 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Liabilities under rental or lease agreements until maturity in total	599,253	436,483

12 Contingent liabilities

There are no security and contingent liabilities at 31 December 2020.

13 Related parties with controlling interest

Tönnies Livestock GmbH owns all shares in the Entity, thus exercising control.

14 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Tönnies Holding GmbH & Co. KG, Germany

Copies of the consolidated financial statements of Tönnies Holding GmbH & Co. KG may be ordered at the following address:

In der Mark 2
33378 Rheda-Wiedenbrück
Germany

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated

using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses including interest expenses on payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Balance sheet**Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.